Walt Disney Productions
Annual Report 1982

Walt Disney's dream of Epcot Center was brought to reality under the stewardship of these three men — from left, Ron Miller, president and chief operating officer; Donn Tatum, chairman of the executive committee and former chairman of the board and chief executive officer; and Card Walker, current chairman of the board and chief executive officer.

The cover's surrealistic view of Spaceship Earth at night was effected by varying the focal length of a zoom lens during a 15-second exposure.


Paul Wenzel

Transcript of Remarks by Card Walker
Epcot Center Dedication Ceremonies

October 24, 1982

We have waited a long time for this day, but the wait – and the results – were well worth the effort.

As of today, more than one million guests have visited Walt Disney World since we opened Epcot Center on October first.

Many of you have come from across the country and from around the world — some travelling at speeds of 1,400 miles per hour on Concorde jets from Paris and London, to be with us on this most exciting day in the history of our company.

But the journey to Epcot Center — for all of us — really began on a slow train from Kansas City nearly 60 years ago.

In July, 1923, a young cartoonist named Walt Disney arrived in Hollywood, with drawing materials under his arm, $40 in his pocket, and hopes that he could get started in the animated film business.

Before boarding that train, he had known failure, disappointment and even hunger.

Waiting for him at Union Station in Los Angeles was his brother, Roy, who was to dedicate his life helping to make Walt's dreams come true.

With a $500 loan, they started their film business, working at home late at night with their wives, Lilly and Edna, working alongside them around a kitchen table...struggling to keep a tiny studio going.

There was no instant success for them in this era of silent pictures, and every dime was plowed back into keeping the company running.

In 1928 came the first real break. While the movie industry was still turning its back to the possibilities of sound, Walt produced "Steamboat Willie," the first cartoon with sound. It also introduced a new star...Mickey Mouse.

In the decades that followed, Walt became an extraordinary filmmaker, a motion picture innovator and pioneer. And the name "Walt Disney" became universally known as the symbol of the finest in family entertainment.

Disney entertainment spoke an international language that spanned oceans and crossed national boundaries and cultural barriers.

And the Disney name, yesterday and today, communicates a special feeling around the world to the young at heart of all ages...because it has earned public trust and acceptance based on integrity, quality and values.

But Walt was more than an entertainer or a filmmaker. He was also a teacher, a philosopher, an inventor — even a scientist.

While he gave people an escape from the burdens and pressures of daily life, he also cared about his world, and he thought constantly about possible solutions to its problems.

He had an idea that if we could bring together the technical know-how of American industry and the creative imagination of the Disney organization, we could create a showcase to the world of the American free enterprise system.

Walt's concept of what he called EPCOT — an Experimental Prototype Community of Tomorrow — was foremost in his mind when the company bought more than 27,000 acres here in central Florida a year before his death in December, 1966.

He visualized a community where the best ideas of industry from around the world would be on permanent display, a sort of living laboratory of creativity that would always be changing.

Under the leadership of Roy Disney, Walt's vision became a reality in October, 1971, when we opened Walt Disney World.

Although we were to lose Roy in December of that same year, it was under his guidance and direction that the best ideas of industry from around the world were used from the beginning — in the planning, design and construction on our 43-square-mile property.

Innovations in transportation, energy, environmental control, communications, architecture and urban planning have made this complex one of the most advanced communities anywhere in the world.

And since the day we opened, we have continued to experiment with new processes, systems and methods...right up to today.

But at the same time, there remained the need to bring into clear focus many other ideas, new technologies and human achievements in the highly visible showcase that Walt dreamed about.

The result of that inspiration is Epcot Center...the evolution of his greatest dream...a showplace dedicated to entertainment with a purpose.

I only wish that Walt and Roy were here to share this magical moment and witness this fantastic experience today.

Epcot Center is the culmination of 25 million hours of effort by talented artists, designers, engineers and technicians — with hundreds of advisors and thousands of construction workers...all propelled by the power and force of an idea of one man...Walt Disney.

Epcot Center is a cross-roads of people, culture and technology.

From the shining structures of Future World to the architectural landmarks of World Showcase, the heritages of the past and the realities of the present merge...with the hopes and possibilities for the future.

Epcot Center is a celebration of ingenuity, innovation, imagination...and most of all...hope for the future.

We believe we need optimism in our world because a society just can't progress without the belief that life will be good, that individual enterprise will bring its own rewards and that the great nations of the world will be guided on the right course with a better informed public.

We sincerely hope our pavilions and showplaces will ignite the imagination of young people and adults alike from around the world to seek information and the answers to the challenges of tomorrow...with courage and confidence.

With Epcot Center comes the dawn of a new Disney era. And with that dawn comes new challenges to all of the people of Walt Disney Productions who will carry on the traditions and legacies he left us.

Walt said it the best himself, so long ago, when he said:

"I just want to leave you with this thought that it's just been sort of a dress rehearsal...so if any of you start resting on your laurels...just forget it...because we are just getting started."

FINANCIAL HIGHLIGHTS

(Thousands of dollars, except per share data)	1982	1981	Change
Revenues	$ 1,030,250	$ 1,005,040	+ 3%
Net income	100,093	121,480	− 18%
Per share	3.01	3.72	
Cash dividends	39,742	32,406	+ 23%
Per share	1.20	1.00	
Additions to property, plant and equipment	648,765	348,788	+ 86%
Additions to film production costs	52,295	55,454	− 6%
Stockholders equity	1,274,784	1,167,118	+ 9%
Per share	38.22	35.99	

PRESENTATION OF THE FINANCIAL INFORMATION

The financial presentation in this Annual Report has been modified from the traditional format to enhance the report's readability and to facilitate the reader's understanding of the Company, its operations and its financial condition. Management's explanation and interpretation of the Company's overall operating results and financial position, together with the basic financial statements, are set forth in the Financial Review section of this report beginning on page 28 and should be read in conjunction with the entire report. For readers desiring additional detailed financial information, the notes to consolidated financial statements, although an integral part of the basic financial statements, are included in a separate section of this report (see Index on page 36).

Management is responsible for the preparation of the Company's consolidated financial statements and related information appearing in this annual report. Management believes that the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements reasonably present the Company's financial position and results of operations in conformity with generally accepted accounting principles. Management has also included in the Company's financial statements amounts that are based on estimates and judgments which it believes are reasonable under the circumstances.

The independent accountants examine the Company's consolidated financial statements in accordance with generally accepted auditing standards and provide an objective, independent review of the fairness of reported operating results and financial position. The independent accountants' report is set forth on page 36.

The Board of Directors of the Company has an Audit Review Committee composed of four nonmanagement Directors. The Committee meets periodically with financial management, the internal auditors and the independent accountants to review accounting, control, auditing and financial reporting matters.

TO OUR SHAREHOLDERS, EMPLOYEES AND ASSOCIATES:

As promised when we broke ground on October 1, 1979, precisely three years later we officially opened the doors of Epcot Center on October 1, 1982, and the dawn of a new Disney era began.

Epcot Center stands as a towering achievement of American ingenuity, productivity and technology, a monumental example of what can be done in a free enterprise system.

It is primarily a tribute to the talents, determination and dedication of thousands of members of the Disney team. We are enormously proud of them and their accomplishments.

Since opening day, attendance has been well beyond our projections and our guests have reacted with enthusiasm, delight and awe — simply stunned by Epcot Center's magnitude, innovation and grandeur.

With more than 2,000 news media people from around the world covering the first month's activities, the opening was celebrated as a major, global news event of the decade. The acronym, "EPCOT," we are confident, is now widely known throughout the world.

"It is America at its best," wrote Ambassador Walter Annenberg in TV Guide, "an effective antidote to the pessimists, a reaffirmation of our faith in ourselves and our country."

The men and women of the Disney team who carried Walt Disney's last great dream to fruition "have surpassed themselves," he said, and have "succeeded in producing an exhilarating tribute to the accomplishments of mankind."

1982 was a year of transition and preparation. During fiscal 1982, which ended prior to the official opening of Epcot Center, we experienced our 15th consecutive year of record revenues, despite a deep national recession and a faltering international economy. Revenues for the year ended September 30, 1982, reached $1,030,250,000, an increase of 3% from the previous year, while net income declined 18% to $100,093,000, or $3.01 per share.

The decline in net income was primarily due to disappointing results of several live-action motion pictures released during the fiscal year and an anticipated reduction in interest income due to planned expenditures for Epcot Center.

Each of our major business segments will be reviewed in detail elsewhere in this report, so we would like to talk here about some accomplishments of the past year and also about new directions the company is taking to insure its vitality and strength for the future.

The two major future projects on the immediate horizon are Tokyo Disneyland and The Disney Channel, both of which are on schedule for their respective launchings in the Spring of 1983.

The gates of Tokyo Disneyland are set to open on April 15 and work is proceeding extremely well on our first overseas theme park venture. The spires of Cinderella's Castle rise over the town of Urayasu, only six miles from the center of Tokyo. Construction of the park's facilities was 80% complete, at the time of this writing, while the thrust of the work there was focusing on show and ride installation.

The Disney Channel is also on schedule despite our decision to abandon the planned joint venture approach with Group W Satellite Communications in favor of proceeding on our own with full creative control.

Our own studies and independent audience research indicate a strong public desire for the Disney-brand of pay-television programming.

We see The Disney Channel as another important avenue for our programming creativity for the next decade and the Disney organization is committed to creating a new standard of excellence in programming for American families.

With Epcot Center opened and a success, we can now turn much of our attention to this new business opportunity that promises to have an important impact on our future growth. Creative resources and talent from WED, motion pictures, television, theme park entertainment and elsewhere in the company are supporting The Disney Channel staff in their efforts.

We also have several exciting films in various stages of production and you will find a more detailed discussion of them in this report. Our disappointments in the box office results of the films we released during fiscal 1982 should not overshadow the real innovative progress we have made. We are encouraged by the inroads we made with new audiences in an increasingly difficult marketplace that is in a constant state of change.

The theatrical film marketplace continues to be very competitive. We are committed to producing quality

family entertainment and intend to carefully select those properties for development and eventual production that we feel will not only be competitive but will also have enduring re-issue values due to their artistic merit and subject matter.

Our network television presence will continue to be strong into the future, despite the current season being the last for the traditional "Walt Disney" series, the longest-running entertainment program in TV history. With our decision to move the anthology approach to The Disney Channel, we have successfully expanded commercial TV series development. We have a production commitment from CBS and we are also discussing other possible TV series with both ABC and NBC.

Disneyland Park was adversely affected by the impact of currency rate changes in both Mexico and Canada, inhibiting the usual flow of visitors from those countries. The all-new Fantasyland theme area at Disneyland is on schedule for its summer of 1983 opening, tied to a dynamic promotion campaign, marking the 60th anniversary of Disney animation.

As we enter the company's 60th anniversary year, we also took an additional step to create a strong management team to guide the future growth of our company.

A Corporate Management Committee, chaired by the president and reporting to him, will have the responsibility and authority for formulating policy and directing the operations of the company.

Serving on the committee and elected executive vice presidents of the corporation are Mike Bagnall-Finance, Carl Bongirno-President of WED Enterprises, Ron Cayo-Business and Legal Affairs, Jim Jimirro-President of Telecommunications and Non-Theatrical, Jack Lindquist-Marketing, Dick Nunis-President of Outdoor Recreation and Marty Sklar-WED Creative Development.

These executives average 49 years in age and have an average of about 20 years of experience at Walt Disney Productions.

In this group, we have the key disciplines and leadership talents to carry on the traditions and legacies of Walt Disney Productions. We are certain they can build on our solid foundation, create new opportunities for the future and help realize the full potential of the company.

In October, the company completed its second Eurodollar public offering in the last year. $75,000,000 of Eurodollar notes at 12-1/2%, due in 1989, was successfully sold by a leading group of international underwriters.

The company has a flexible, overall financing strategy in place to provide funds for its anticipated needs as well as to take advantage of interest rate changes in this extremely volatile period.

We intend to proceed with caution on the next level of expansion of Epcot Center, balancing our financial resources so that we may meet the substantial expenses involved in a successful launching of The Disney Channel and the other needs of our business.

We will complete the first phase of Epcot Center as scheduled during the year, and then move with careful deliberation on the next phase of Walt Disney World, monitoring attendance and other relevant data as we proceed with our long-range plans.

Walt Disney Productions welcomes the challenges of the new year, assured of our inherent financial strength and confident in the leadership of our creative and experienced management team.

The opening of Epcot Center gave us all a spirit of renewed pride, resilience and a sense of accomplishment that itself will be a driving force for future success.

November 30, 1982

Card Walker

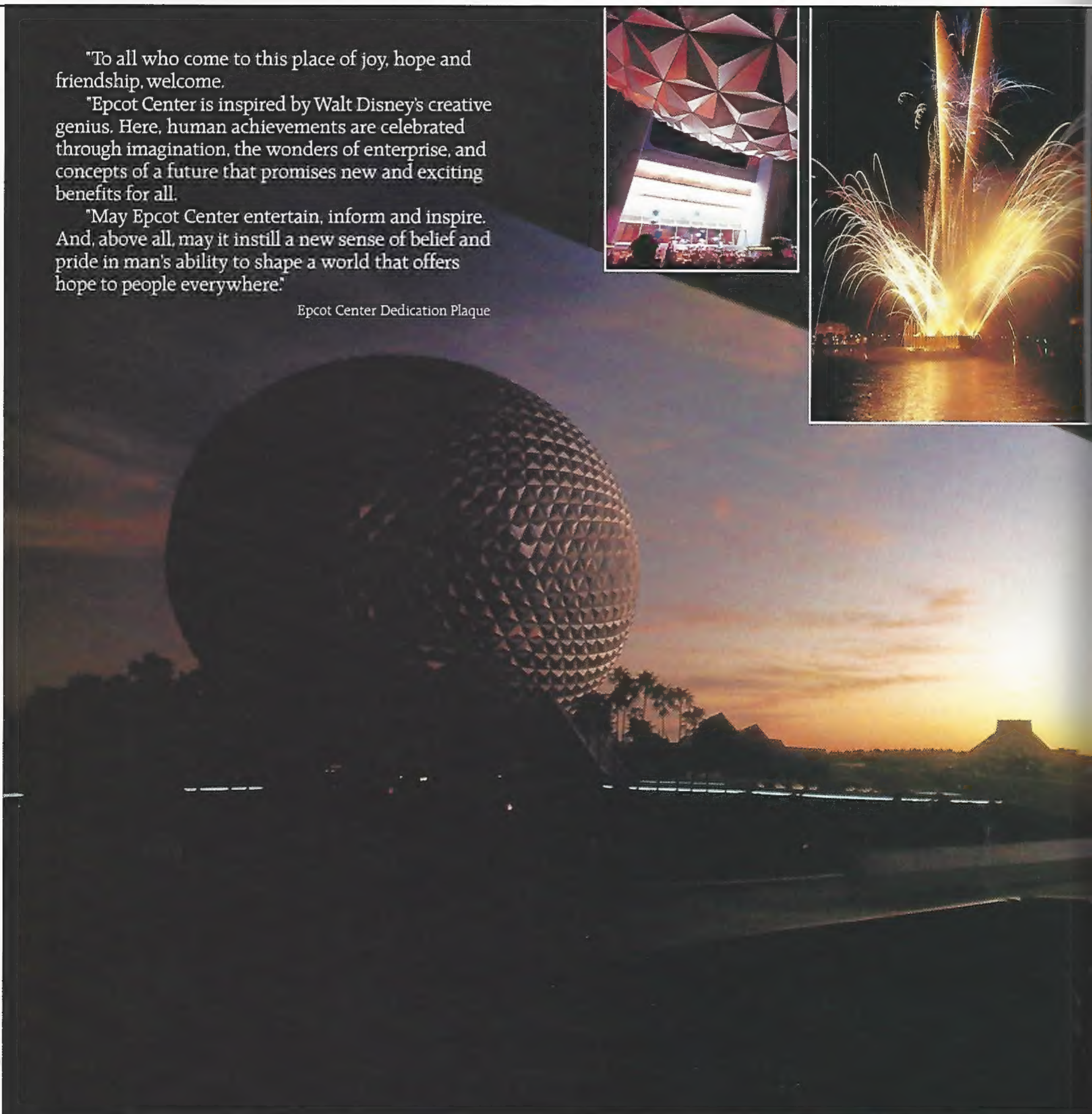
Card Walker
Chairman of the Board and
Chief Executive Officer

Ron Miller

Ron Miller
President and
Chief Operating Officer

EPCOT CENTER:

SPACESHIP



"To all who come to this place of joy, hope and friendship, welcome.

"Epcot Center is inspired by Walt Disney's creative genius. Here, human achievements are celebrated through imagination, the wonders of enterprise, and concepts of a future that promises new and exciting benefits for all.

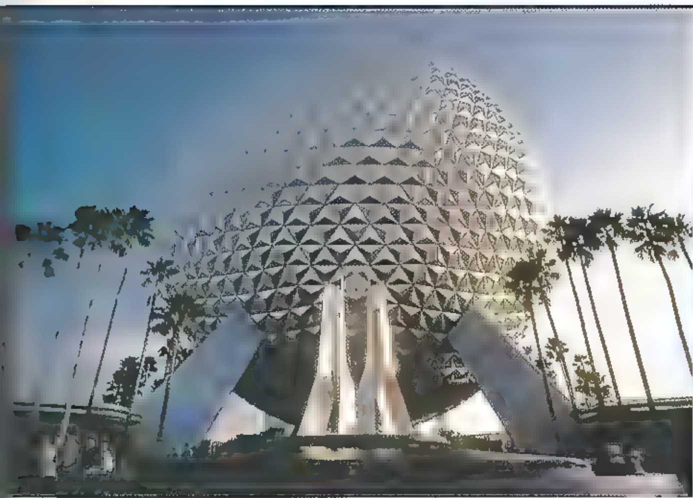
"May Epcot Center entertain, inform and inspire. And, above all, may it instill a new sense of belief and pride in man's ability to shape a world that offers hope to people everywhere."

Epcot Center Dedication Plaque

Future World

EARTH

Dominated by the breathtaking Spaceship Earth, sponsored by the Bell System, Future World is the heart of Epcot Center. The towering geodesic landmark is designed as a wedding of history, technology and entertainment, all presented in a setting unique in the world.



The Universe of Energy, sponsored by Exxon, is set within a dazzling solar-powered structure the size of three football fields. Its show segment includes spectacular advances in filmmaking and special effects that provide guests with one of the most entertaining and educational experiences of their lives.

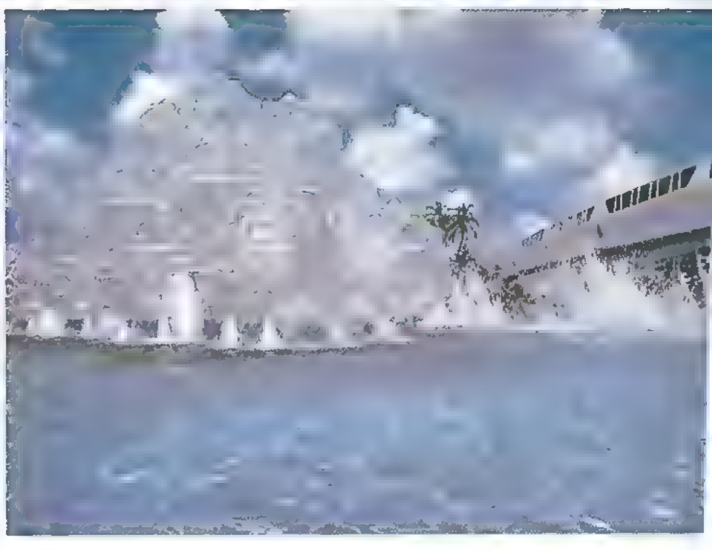
UNIVERSE OF ENERGY

WORLD OF MOTION

Humor is the byword for The World of Motion, presented by General Motors in a giant wheel-like structure that houses the largest assembly of "Audio-Animatronics" characters ever produced — along with displays of aerodynamic principles, robotics, engine and vehicle design and GM's "Aero 2000," a computer-designed automobile.

As the theme area that most closely resembles traditional Disney entertainment, Journey Into Imagination, presented by Kodak, is a fantasy land that explores the essence of creativity. Its revolutionary and spectacular four-acre pavilion and fountain set the stage for the kaleidoscope of adventure inside.

JOURNEY INTO IMAGINATION



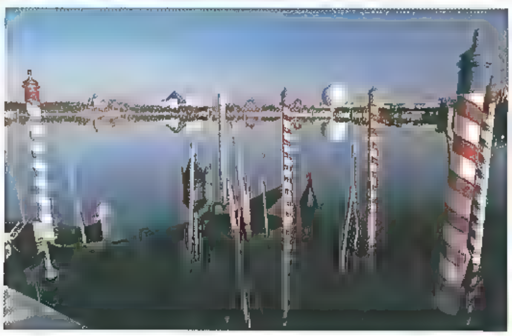
THE LAND

Spread over six acres, The Land, presented by Kraft, best exemplifies Epcot Center's goal of entertainment with a purpose. The ride-through "Listen to the Land" attraction carries guests into an eerie red-lighted fish farm and on through a covered prototype growing area where innovative techniques include intercropping, hydroponics and aquaculture. Revolutionary film techniques and the whacky "Kitchen Kabaret" show add to the experience which usually ends at one of the two colorful restaurants.

EPCOT CENTER'

ITALY

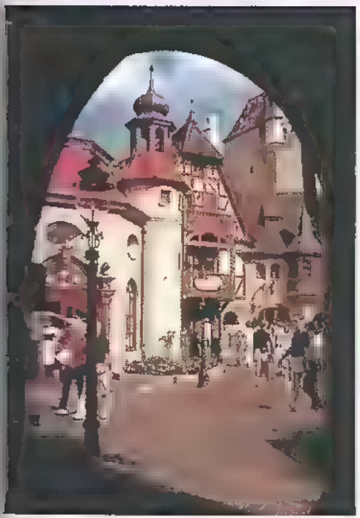
f Future World is the heart of Epcot Center, then Vorld Showcase — with its grand array of interna-ional experiences — is surely its soul. In Italy, for xample, Venetian architecture dominates with its ridges, gondolas, colorful barber poles, sculpture and legant outdoor and indoor dining facilities.



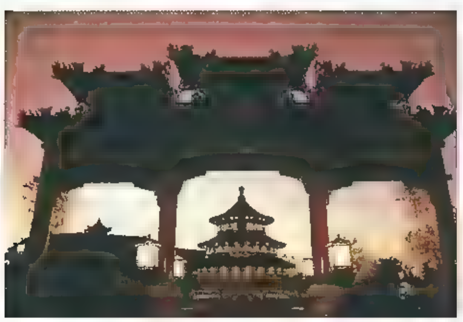
World Showcase

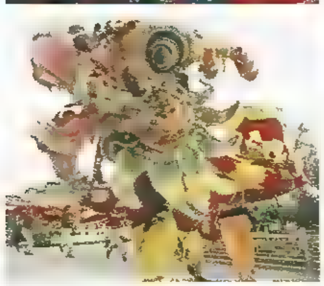
GERMANY

In Germany, building styles represent different periods and locales, but rely heavily on that nation's romantic, fairy-tale architecture. The atmosphere of a Biergarten, for example, is derived from the 16th century town of Rothenburg while the Platz includes a special site for a stunning sculpture of St. George and the Dragon.



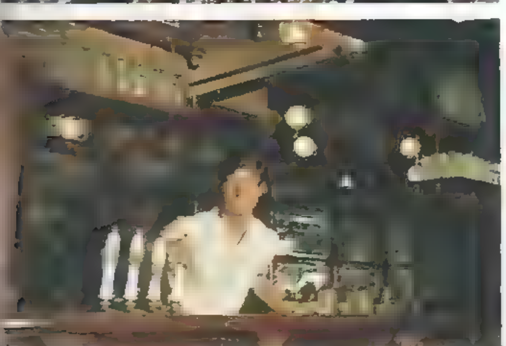
The gateway of the China pavilion is based on the beautifully styled main gate at the summer palace in Beijing, which also provides the inspiration for the half-size Temple of Heaven, the most visually prominent feature with its spectacular domed ceiling. And the entertainment is authentically Chinese in color, tone and presentation.





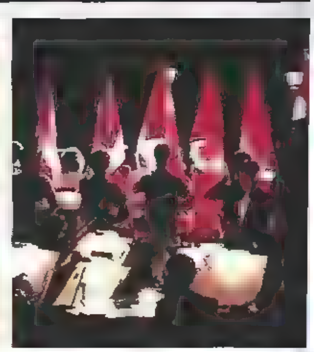
UNITED KINGDOM

Time, materials and styles have been compressed into a single combination of city, town and rural atmosphere for the United Kingdom. An authentic pub, a comical group of London street musicians and a bagpipe band add flavor and fun for guests.



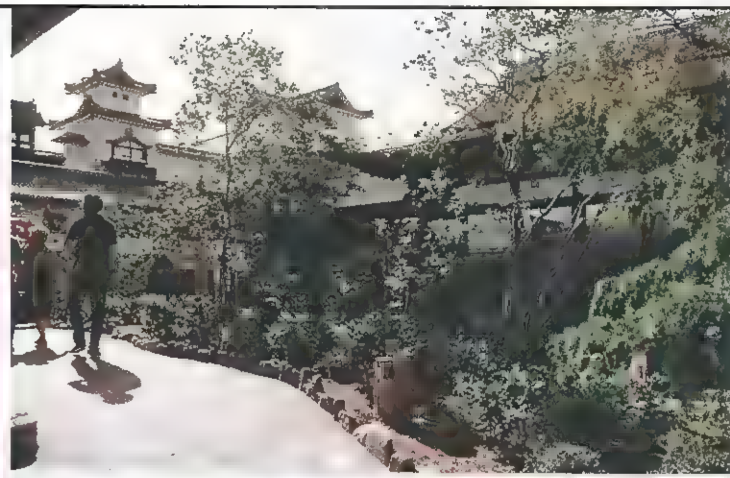
The Canada pavilion includes examples of buildings and scenes found throughout the nation and a sweeping 360-degree film on the wonders of America's northern neighbor. Authentic flavor is derived from Indian totems, famous landmarks and shops filled with Canadian goods.

CANADA



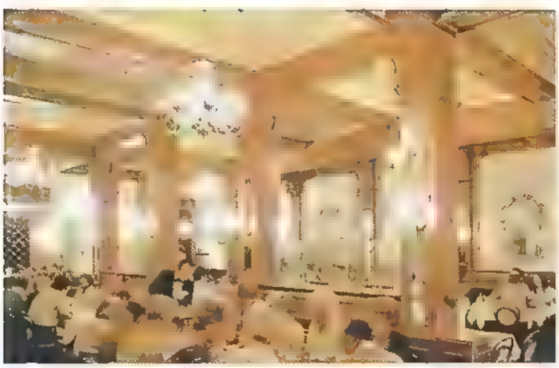
JAPAN

Proclaiming "Good Luck" to all who pass by, the large red torii gate dominates the Epcot Center view of Japan. The five-story pagoda symbolizes the five elements — earth, water, fire, wind and sky — which according to Buddhist teachings, produce everything in the universe. It is a place to walk, to be entertained, to enjoy nature in the uniquely serene Japanese mode.



"La Belle Epoque," the period between 1870 and 1910 in France, is reflected in that nation's pavilion with its grand art, literature, inventions, sciences, architecture and great exhibition displays, such as the Eiffel Tower. The romance of its sidewalk cafes and elegance of its formal restaurants also enliven the experience.

FRANCE

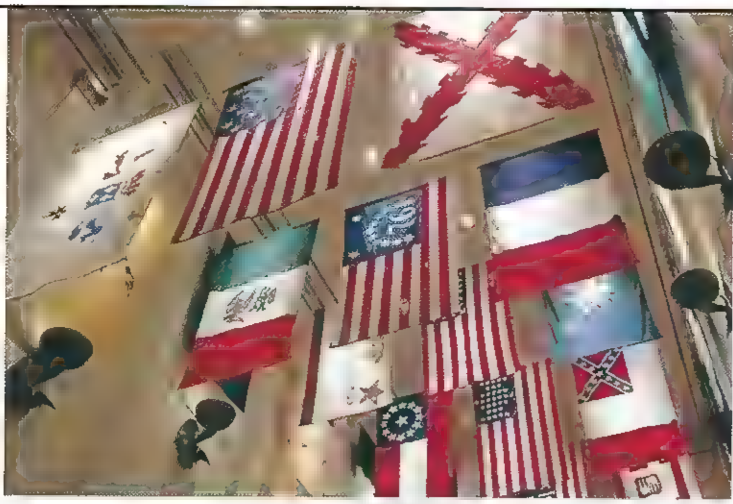


MEXICO

A Mayan pyramid dominates the entranceway and expresses the proud pre-Columbian heritage of Mexico. Our southern neighbor's colorful and festive atmosphere, its marketplaces, food, music, hustle and bustle of the great cities and slow-paced rural lives are all reflected here.

The American Adventure, presented jointly by Coca-Cola and American Express, contains probably the best story of our nation ever told. More than three dozen "Audio-Animatronics" characters, including Ben Franklin and Mark Twain, weave the remarkable 350 years of history. A colorful Hall of Flags also displays every flag that has ever flown over any part of the United States.

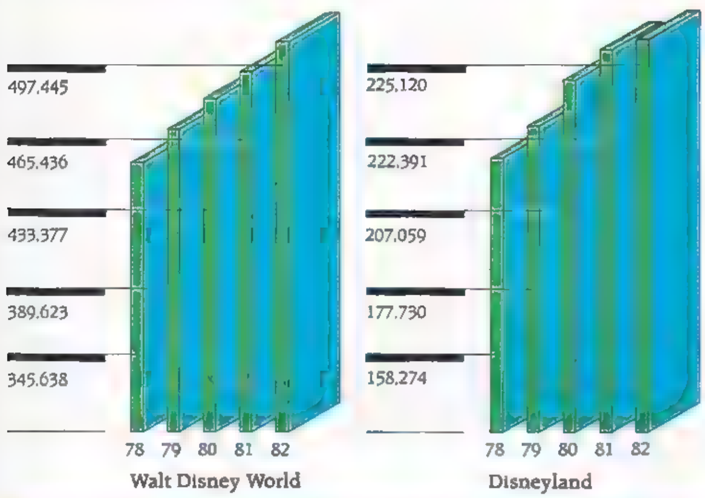
THE AMERICAN ADVENTURE



Entertainment and Recreation

Cynthia Pleasant began her reign as Walt Disney World Ambassador Jan. 1. The Chicago-born graduate of Northwestern University was employed as a dancer in the Entertainment Division before her selection over 130 other candidates.

Gross Revenues (In Thousands of Dollars)



ENTERTAINMENT AND RECREATION
(in thousands)

	1982	Change	1981	Change	1980
Revenues	$ 725,610	+5%	$ 691,811	+8%	$ 643,380
Operating income	132,645	+2%	129,474	+2%	127,532
Operating margin	18%		19%		20%
Theme park attendance	22,981	−6.4%	24,564	−2.9%	25,305

Total theme park attendance for 1982 was 6% lower than the average attendance for the last five years while operating income grew at an average annual rate of 7.8% over the same period.

Revenues in 1982 increased over the prior year due primarily to higher per capita guest spending, which was influenced by admission price increases averaging 7% in November, 1980, at Walt Disney World, 6-8% in June, 1981, at the two parks and 10% in June, 1982, at Disneyland, as well as to the sale of an Epcot Center commemorative ticket, rate increases at the Walt Disney World resort hotels and selective increases in food and merchandise. Costs and expenses of operations increased due primarily to higher labor rates averaging 10.6% at Disneyland and 8.6% at Walt Disney World. The loss of revenues caused by lower attendance contributed to a slight decrease in operating margins while gross profit margins for food and merchandise have shown moderate improvement.

WALT DISNEY WORLD®

Walt Disney World's dazzling 10th anniversary celebration bolstered attendance with parades and special events that continued right down to the opening of Epcot Center and its even more stunning spectacles.

Throughout the Tencennial year, guests daily enjoyed more than two hours of special entertainment, a "Disney World Is Your World" musical show and a party at Cinderella's Castle.

Walt Disney World attendance showed a modest decline, considering the state of the economy, here and abroad, and the anticipation of the opening of Epcot Center. Attendance for the year was 12,560,000, a decline of 5% from 13,221,000 a year earlier.

Even while the highly successful opening of Epcot Center was underway, the sounds of construction could be heard as the steel work was being raised on Horizons, a major theme area that previews 21st century life-styles in Future World. It is scheduled to open in October, 1983.

Presented by General Electric, the uniquely shaped, multilevel pavilion will take a look at yesterday's visions of the future, including Jules Verne's concept of a moon rocket and a 1930s preview of a neon city. Guests will also visit FuturePort and ride through a family habitat of the next century. Three-dimensional scenes will depict apartment, farm, underwater and space communities.

At Walt Disney World Village, the $90 million Buena Vista Palace hotel, with its 859 rooms spread over 27 stories—the highest structure in the state of Florida—is scheduled to open in March of 1983 in the Hotel Plaza area. It will be needed to help accommodate rising attendance and anticipated lengthening of the duration of stays.

The multimillion-dollar reconstruction of Fantasyland is proceeding on schedule.

The new hotel, owned and operated by the partnership of Shinberg, Kennedy and Frost, which also operates the Royal Plaza Hotel, will include a major convention facility, a variety of dining facilities and a 30,000-square-foot combination ballroom-exhibition area. A gourmet rooftop restaurant will offer a spectacular view of Epcot Center.

Nearby, Hilton has begun construction on an 830-room, $85 million hotel scheduled for a December, 1983, opening. It will also offer convention and banquet facilities and a number of dining establishments.

Both new hotels are located on land leased from the company and will be additional sources of revenue to Disney.

To facilitate the growing convention business, a new department is offering seminars on every aspect of the Disney operations. The adult-level educational sessions cover everything from culinary arts to energy to advanced waste disposal systems and have already proved of great popularity.

DISNEYLAND®

The forerunner of all theme parks has now achieved a total attendance of 220 million visitors since it opened in 1955. During the year, the park changed from its coupon ticket system to a Passport media that allows equal access to all of its facilities and it received popular approval from our guests.

A dramatic shift in currency exchange rates curtailed tourism from Mexico and Canada which, together with a slow economy, had a negative impact on attendance.

Attendance figures at Disneyland Park reached 10,421,000, a decline of 8% from 11,343,000 a year ago.

The opening of the all-new Fantasyland and a spectacular companion salute to the 60th anniversary of Walt Disney Productions will highlight the coming year at Disneyland.

Several years in planning and development and more than a full year under construction, Fantasyland will take on the appearance of a Bavarian village, complete with cobblestone streets, and will feature the new "Pinocchio's Daring Journey," the new Village Inn restaurant and completely modernized versions of the familiar favorites.

State-of-the-Art "Audio-Animatronic" techniques, perfected at WED Enterprises, will combine with revolutionary design capabilities to provide new thrills and an enhanced sense of adventure to "Snow White's Scary Adventures," "Peter Pan's Flight," "Mr. Toad's Wild Ride" and "Dumbo, the Flying Elephant."

Both the interiors and exteriors of the attractions have been completely refurbished and revitalized, in keeping with Walt Disney's vision that Disneyland would always be in a state of becoming.

The 60th anniversary salute will feature a dramatically new cavalcade in the tradition of the Electrical Parade, spotlighting the art of animation and the classic Disney characters.

With a significant percentage of the park's attendance coming from within the state of California, new attractions continue to be a vital factor in stimulating repeat visits and in competing for the leisure dollar in a highly competitive Southern California economy.

TOKYO DISNEYLAND

The countdown has begun for the historic April 15 opening of Tokyo Disneyland, the company's first overseas theme park venture, and a massive promotion campaign has already been launched. More than 400 news people attended a press conference in Tokyo to announce the target date. Tokyo Disneyland will exploit all the elements of showmanship, master planning, attention to detail and quality of its predecessors.

While the principal thrust of the work has primarily shifted to

Motion Pictures

the Japanese site where 80% of construction was completed at press time, work on completion of several spectacular film presentations continued at WED and other Disney facilities in the United States.

Tokyo Disneyland, an unprecedented type of outdoor recreation in the Orient on 114 acres, will combine features of both Disneyland Park and Walt Disney World Magic Kingdom. Similar in basic concept, Tokyo Disneyland will have five themed lands radiating from a central plaza with Fantasyland's Cinderella Castle majestically soaring as its centerpiece.

In contrast to "Main Street USA" of Disneyland and Walt Disney World, Tokyo Disneyland will have a "World Bazaar." All guests entering Tokyo Disneyland will pass through the World Bazaar on their way to Adventureland, Fantasyland, Tomorrowland, or Westernland. The World Bazaar is an enclosed emporium, fully protected from all weather conditions, featuring a main street, courtyards, shops, boutiques, restaurants and entertainment — themed to America at the turn of the century — a time when gas light gave way to the electric lamp.

Adventureland has a mixture of familiar attractions, including the "Enchanted Tiki Room" and the "Pirates of the Caribbean."

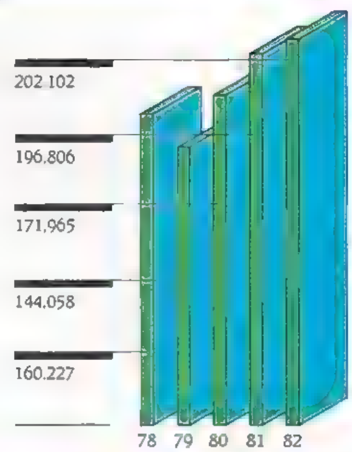
Westernland is designed to give visitors a feeling of having lived during the pioneer days of America. Attractions include the Mark Twain River Boat, authentic Indian war canoes, the Golden Horseshow Revue, and the "Country Bear Jamboree."

Fantasyland guests will ride through "Snow White's Adventures" in the Seven Dwarf's mining car, fly through the air with Peter Pan to Never Never Land, experience "Pinocchio's Daring Adventures," enjoy the "Mickey Mouse Revue" and the "Haunted Mansion."

Other Fantasyland attractions include "Dumbo, the Flying Elephant" and "Cinderella's Golden Carousel." To take the scenic way into Tomorrowland, guests will be able to board an authentic Swiss Alpine Skyway, and view Tokyo Disneyland from 70 feet in the air.

Tomorrowland attractions include "Space Mountain" and two striking new shows — "Meet the World," a unique presentation covering Japan's history and the impact she has made in the world, and "Eternal Sea," where guests explore man's newest frontier through Disney's unique 200° theater. Tomorrowland also will include "Magic Carpet Around the World," where the theater experience is even more spectacular as Disney's "360° Circle Vision" will let guests visit most of the famous sights of the world.

Gross Revenues (In Thousands of Dollars)



MOTION PICTURES
(in thousands)

	1982	Change	1981	Change	1980
Revenues	**$ 202,102**	+3%	$ 196,806	+14%	$ 171,965
Operating income	**19,639**	−43%	34,626	−33%	51,734
Operating margin	**10%**		18%		30%

In recognition of the expanding and diverse markets associated with filmed product, this business segment, representing theatrical and television distribution activities, has been redefined in 1982 to include home video (cassettes and discs) and non-theatrical (16mm) film revenues. In most cases, a film is exploited in all markets before completing its distribution cycle, although the methods of marketing the film vary significantly from one market to the next.

In 1982, higher revenues from the entry into the foreign home video cassette market were partially offset by lower foreign theatrical revenues, resulting in a slight increase in revenues for filmed entertainment. The new releases in 1982, consisting of "The Watcher in the Woods," "Night Crossing" and "TRON," produced very disappointing film rentals in the domestic theatrical

market. Foreign theatrical results benefitted from the release of "The Fox and the Hound" in 1982. However, foreign releases could not match the near-record performance of the prior year releases due to the substantial increase in the value of the U.S. dollar as compared to most foreign currencies. Costs and expenses were higher in 1982 due to increased amortization of theatrical and television film negative costs; to write-downs, totaling $27.7 million, to their expected net realizable values of the three new live action releases referred to above; and to higher domestic theatrical distribution expenses.

Operating income and margins have been adversely affected in the last three years due to relatively low film rentals and resulting write-downs of nine new releases, totaling $27.7 million in 1982, $20.5 million in 1981 and $9.5 million in 1980.

Pay television license agreements have contributed significantly to revenues and operating income for the past two fiscal years. However, licensing of filmed product to pay television has recently been curtailed in preparation for the inauguration of The Disney Channel in April, 1983.

THEATRICAL

The release of "TRON" and "Tex" marked the beginning of a new generation of Disney films.

While both pictures did not live up to our aspirations at the box office, their impact clearly re-asserted the studio as a source of innovation, originality and daring.

Several important goals were accomplished with "TRON": it re-established our leadership in advanced film technology with the use of computer-generated imagery, described by Time Magazine as a tour de force of wizardry; it continued our reputation for originality in film subjects by being the first to address the mythology of video games and computers and it inspired a successful merchandising campaign, including the nation's leading arcade game.

"Tex" was called "a wonderful movie" by Pulitzer Prize-winning critic Roger Ebert and by many other critics, from Time and Newsweek to the New York Times and the Washington Post. Critics agreed that it represented an important step forward for Disney by renewing a tradition of focusing on the contemporary world of young people — with 1980s relevancy and sensibility.

We are confident that these films, and those to come, will each build on the reputations of their predecessors in widening the audience for Disney films. Both "TRON" and "Tex" succeeded in making new inroads among frequent moviegoers. "TRON" attracted a predominantly teenage audience and "Tex" found its majority of fans in urban areas among 25 to 35-year-olds.

Re-releases during the year of "Cinderella," "Robin Hood" and "Bambi" scored triumphant returns, winning a new generation of filmgoers. "Fantasia," with an all-new sound track, was applauded by critics and also scored impressively at the box office. "Peter Pan" was re-released in December, 1982.

Our new releases for 1983, and those projects in development, have the power and potential to meet our long-term objectives of retaining our traditional family audience while broadening our overall appeal.

"Never Cry Wolf," a story of a biologist sent to research wolves in the Arctic, is Carroll Ballard's first major film effort since "Black Stallion." Ballard's unique cinematic vision will debut in February.

"Trenchcoat," a Jerry Leider Production set for Spring release, stars Margot Kidder and Robert Hays in a romantic comedy involving espionage and international intrigue.

"Something Wicked This Way Comes," the fantasy tale based on the Ray Bradbury novel, is slated for summer release. Computer-generated simulations of reality are being employed in post-production to heighten the film's dramatic impact.

"Snow White and the Seven Dwarfs," Walt Disney's first full-length animated feature, returns in the summer to commemorate the 60th anniversary of the studio.

In late summer, we plan to release "Two Scoops," a comedy-romance set in a tabloid newspaper and directed by Tim Hunter whose last picture was "Tex."

Our Christmas, 1983, release will be a return engagement for the animated feature, "Sword in the Stone." It will be accompanied by "Mickey's Christmas Carol," a new featurette delayed a year in production due to a prolonged industry labor dispute.

Animation is at its highest level of activity in many years, with several major productions underway simultaneously. "The Black Cauldron" continues on schedule for its 1985 release, with the early work breathtakingly unique. "Basil of Baker Street" is in the pre-production stage of development. Work is also proceeding on the combination live-action-animation feature, "Who Framed Roger Rabbit" with all the twists and turns of an Agatha Christie mystery.

Other live-action film projects include a wide variety of dramas, fantasies and comedies.

"Star Wars" producer Gary Kurtz will oversee the production of "Return to Oz." Oscar winner Walter Murch will direct his screenplay, adapted from the Oz stories by L. Frank Baum. Renowned children's book illustrator Maurice Sendak is production designer.

Carroll Ballard will next turn to a retelling of the classic story, "Beauty & The Beast."

"Trapdoor," a Hitchcockian thriller set on a college campus, is being written by "Tex" writers Charlie Haas and Tim Hunter.

Two films — the comedy "Thursdays til 9:00" and the family drama "Homecoming" — are being produced by Elizabeth I. McCann and Nelle Nugent, the Broadway producers of such hit shows as "Amadeus," "The Elephant Man" and "Nicholas Nickleby."

Academy Award-winning screenwriter Alvin Sargent ("Ordinary People," "Julia") is currently writing "Joshua," an epic American adventure.

Our commitment to film is unwavering. With the quality, depth and innovation in our 1983 schedule and with painstaking care in the selection and development of future properties, we are convinced we will remain a strong factor in a highly competitive environment.

COMMERCIAL TELEVISION

Our second full season with the CBS network opened with the largest number of series and series pilots in development or production in the history of the company.

Two of the series, "Gun Shy," based on the successful "Apple Dumpling Gang" feature films, and "Small and Frye," about the adventures of a private detective who has the ability to shrink himself to six inches in height, were completed and ready for airing.

In addition, eight half-hour series and five hour-long series were in development as well as several movies-of-the-week. The company's goal is to be a provider of quality series for the three major networks.

A number of top writers and producers have been signed to strengthen the company's commercial television presence.

They include Pamela Chais, whose writing credits include "Love Sydney," and episodes of "Maude," "Phyllis," "Rhoda" and the "New Dick Van Dyke" shows; Eric Cohen, who created the "Stockard Channing Show" and whose other writing credits include "Welcome Back Kotter," "Chico and the Man," "The Two of Us," "Private Benjamin," and "The Tonight Show"; and Lenny Ripp, whose credits include "Bosom Buddies," "Angie," the "Rodney Dangerfield Show," and specials for Pat Boone, Tony Orlando, Alan King, Redd Foxx, Mac Davis and others.

Proposed hour-long dramas include "Tex," based on the critically acclaimed feature film of the same name; and an underwater action-adventure, tentatively entitled "Laguna Cove," which would be written and produced by Cliff Alsberg, who was responsible for bringing the Jacques Cousteau specials to television.

With the diversity of shows in development and talented and experienced writers in place, we should be in an advantageous position to react to the continuing needs of this marketplace.

HOME VIDEO

The company began overseas distribution of video cassettes at mid-year, with rental of 25 titles offered in Western European countries, Australia and South Africa. Foreign marketing will expand to Spain, Italy, Latin America and Asia over the next several years.

The company scored impressive gains in home video, completing its second full year of marketing video cassettes and discs. Worldwide revenues, including 16mm film, reached $27 million.

Home video's catalog continued to expand and now includes 53 titles that are available in more than 7,000 U.S. retail stores. Two very successful retail promotions highlighted the year.

"A Walt Disney Christmas" and "Disney's American Summer" generated sales of over $2 million. The summer campaign received a Record Industry Association of America award, the first ever given by the group to a retail promotion in video. At year end, "TRON" was released on video cassette. It was the company's most successful new release to date, with initial orders in excess of $1 million.

Home video is currently acquiring outside product to augment its own product line. They will include several wildlife films by Bill Burrud and a series of popular Muppet programs.

Home video also expanded in the video disc area in the U.S., concluding an agreement with RCA for release of nine more titles in the CED format. The company also introduced its own Disney label for LaserVision discs. Twenty titles are now available on CED and 11 on laser.

THE DISNEY CHANNEL

The most eagerly awaited enterprise in cable television history becomes a reality in April with the launching of The Disney Channel, 16 full hours a day committed to innovative family entertainment programming.

Unforgettable Disney motion pictures, bold new shows springboarding from Epcot Center's innovative Future World and culturally rich World Showcase, all-new dramatic, adventure and comedy series, game shows, educational series and nostalgia from early network shows will be presented.

Films will include such recently acclaimed motion pictures as "TRON" and "Tex" and such classics as "Dumbo," "Alice in Wonderland," "20,000 Leagues Under the Sea" and "Bedknobs and Broomsticks."

Consumer Products and Other

Seventeen original shows are currently in development. They include:

"You and Me, Kid," scheduled for mid-morning viewing, will encourage viewer involvement of children with their parents. It will be an exciting breakthrough in interactive television viewing, with easy-to-follow games and activities developed to provide quality time together.

"Five Mile Creek," a western adventure spotlighting true accounts of courage and resourcefulness on the American frontier.

"Welcome to Pooh Corner," based on the A. A. Milne classics, will star all the familiar characters re-created in "articulated puppet" format with costumed live performers whose voices and facial expressions will be controlled by sophisticated electronic circuitry.

"Contraption," a game show for young people, will use a lifesized three-dimensional game board and clips of Disney animated classics to stimulate children's observation and retention skills.

"Wizards," an original Epcot Center series, will present science in an entertaining and relevant format, appealing to the senses of curiosity and wonder in young and old alike.

"American Adventure," a show born of the Epcot Center pavilion of the same name, will offer viewers a unique opportunity to take a close-up look at themselves and each other. The weekly series will use locations across America to capture the trends, lifestyles and regional traditions of the nation.

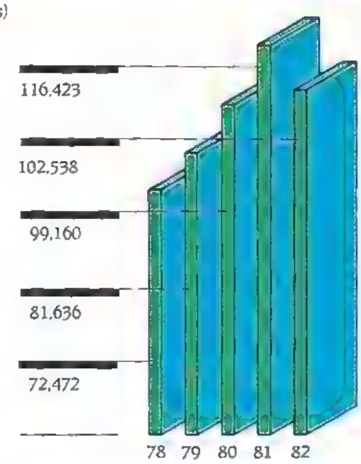
"Mousercise," an exercise show based on the best-selling record album, will star Mickey Mouse.

"Disney Experimental Showcase" will feature such creative personalities as author/illustrator Maurice Sendak, showcasing their talents and accomplishments.

The commitment to viewer participation will be enhanced by The Disney Channel Magazine, which will be mailed free of charge each month to subscribers. More than a program guide, it will feature articles, stories and activities for the entire family. Most important, it will give viewers a chance to become involved in the channel itself by taking part in the fun at home and by letting us know their likes and dislikes and provide meaningful input for future programming.

In November, Disneyland hosted a gala event for over 1,500 cable operators attending the Western Cable Show at the Anaheim Convention Center as the channel kicked-off an aggressive marketing and promotion campaign to support the first nationwide launch ever created for a pay TV service.

Gross Revenues (In Thousands of Dollars)



CONSUMER PRODUCTS AND OTHER
(in thousands)

	1982	Change	1981	Change	1980
Revenues	$ 102,538	−12%	$ 116,423	+17%	$ 99,160
Operating income	47,832	−5%	50,564	−3%	52,034
Operating margin	47%		43%		52%

The Consumer Products segment—which includes character merchandising and publications, records and music publishing, and educational media—continued to perform well during fiscal 1982 despite a decline in revenues and operating income. The decline is attributable mainly to the company's phasing out of 8mm film product, which is being replaced by home video cassettes and discs (reported under Motion Pictures), and to the strengthening U.S. dollar as compared to most foreign currencies.

Included in 1981 were revenues and expenses of approximately $10 million related to the installation of the WEDway People Mover System in Houston, which was accounted for on the completed contract method. Home video and non-theatrical feature film activities, previously reported under Consumer Products, are now reported under Motion Pictures.

CHARACTER MERCHANDISING AND PUBLICATIONS

Character merchandising enjoyed particular success with various worldwide "TRON" products and product tie-ins. For example, the "TRON" video arcade game manufactured by Bally/Midway quickly became a top-rated arcade attraction in the nation and has now moved into the international market. The ex-

ceptional lineup of 30 "TRON" licensees includes the Tomy Corporation and Mattel Electronics.

An innovative worldwide licensing agreement has been signed with Atari for home video cartridges featuring Disney characters. Disney's consumer products creative team has been working closely with Atari programmers developing product which is expected to reach the marketplace this summer.

Another worldwide licensing campaign is tied to the "Sport Goofy" program, built around junior athletics. This program has enjoyed extraordinary success in Europe and Canada. It is tied in, in part, with Disney and Coca-Cola's international relationship. The first Sport Goofy USTA Jr. Tennis tournament will take place at Disneyland and Coto de Caza in Southern California in August with the Sport Goofy/International Tennis Federation Jr. World Cup competition scheduled for September.

In the Publications segment, Purnell, our publisher in England, is developing a 26-volume "Goofy Sport Encyclopedia" set, designed for direct mail sales, for introduction this year.

Another important addition will be an early 1983 introduction of a 19-volume supermarket continuity set, "Disney's Fun-to-Learn Library." Developed by Bantam Books and Disney to help teach basic educational concepts to children of pre-school and early learning age groups, each 48-page hardcover volume combines four-color illustrated concepts with a simple story line involving different Disney characters. The initial print run will be for 8,000,000 books. Sales in excess of $30,000,000 at retail are expected in the United States alone.

A successful line of "TRON" publications was released by Simon & Schuster including activity books, story books and novelty books. Ballantine published the novelization and Paradise Press released a poster magazine.

The list of deluxe books was expanded in 1982 with "Walt Disney's Epcot Center: Creating the New World of Tomorrow" (Abrams) at $35; "Walt Disney's World of Fantasy" (Dragon's World Ltd.) at $25; "The Fine Art of Walt Disney's Donald Duck" (Another Rainbow) at $200; "Uncle Scrooge McDuck: His Life and Times" (Celestial Arts) at $160; "Treasures of Disney Animation Art" (Abbeville) at $85.

RECORDS AND MUSIC PUBLISHING

Records and Music Publishing continued its strong creative thrust with the introduction of another best selling album, "Mousercise." Sales have exceeded 400,000 units and have spurred other manufacturers to introduce "Mousercise" licensed products, including playwear, slippers, plastic dinnerware, knitted shirts, exercise mats, wristwatches, T-shirts, nightgowns, towels, sheets, hats and posters.

Despite the depressed state of the record industry, divisional revenues were off only 1.7% from the all-time high established last year. Partially offsetting the decline in LP sales has been the tremendous growth in sales of cassettes. Disney cassette unit sales have increased almost 200% in the past three years.

The lineup of upcoming new releases is probably the most exciting in the record company's 28-year history. Taking advantage of the growing demand for cassettes, a new line of full length, "Storyteller" cassettes featuring 12" "Read-Along" books is planned for release this fall. Eight of the most popular Disney classics will be featured.

Expanding its successful line of licensed properties, Disneyland-Vista Records will add a number of new titles in 1983 to its story record and tape lines including: Steven Spielberg's "E.T.," George Lucas' "Revenge of the Jedi," a line of Star Wars Further Adventure Stories, Jim Henson's "Dark Crystal," and Carroll Ballard's "Never Cry Wolf" and "Black Stallion."

EDUCATIONAL MEDIA

The Educational Media Division released 22 new 16mm films for schools, including, "Computers: The Friendly Invasion," one of several topical motion pictures, and 16 new filmstrip sets on subjects ranging from science to safety.

In the near future, the division will introduce the Epcot Educational Media Program derived from the pavilions and showplaces at Epcot Center. The program includes films, computer games and simulations, video tapes and multi-media kits, focusing on energy, communications, transportation and land use themes.

Plans were also announced to enter another market, the production and distribution of micro-computer software. Forty programs, now under development, will be introduced in the home and school market during 1983, combining animated graphics with precise learning objectives.

Management's explanation and interpretation of the Company's overall operating results and financial position are presented in this section. The tables are in thousands, except for per share data.

Revenues and Earnings

Revenues for the Company increased by 3% in 1982 to $1.030 billion. Net income totaled $100.1 million in 1982, a decrease of 18% from the $121.5 million earned in 1981. Earnings per share decreased to $3.01 from $3.72 for the previous year.

	1982	Change	1981	Change	1980
Revenues	$ 1,030,250	+ 3%	$ 1,005,040	+10%	$ 914,505
Operating income	200,116	− 7%	214,664	− 7%	231,300
Net income	100,093	−18%	121,480	−10%	135,186
Per share	$ 3.01		$ 3.72		$ 4.16

The entertainment and recreation and motion picture business segments contributed to higher revenues in 1982. However, a decline in operating income for the motion picture segment together with a decrease in interest income contributed to lower earnings for the year. Operating results and management's financial analysis of operations are discussed by business segment in the forepart of this report.

Net income as a percent of stockholders equity has averaged 11.4% over the last five years.

Corporate Expenses (Income)

	1982	Change	1981	Change	1980
General and administrative expense	$ 30,957	+18%	$ 26,216	+24%	$ 21,130
Percent of revenues	3%		3%		2%

In addition to normal increases in labor, materials and outside services, costs are higher due to the expansion of the management information services division and the increase in value of stock appreciation rights.

	1982	Change	1981	Change	1980
Design projects abandoned	$ 5,147	+12%	$ 4,598	+7%	$ 4,294

At the close of each fiscal quarter, management evaluates projects in the concept and design stages which have been in progress for varying periods of time. Those which are determined to have no future use are abandoned and charged to expense. Approximately one-half of the design costs abandoned over the last three years relates to the Epcot Center project.

	1982	Change	1981	Change	1980
Interest income — net	$ 14,781	−55%	$ 33,130	−21%	$ 42,110

The Company has realized interest income from short term investments, such income being dependent upon fluctuations in interest rates and the amount of such investments. As of September 30, 1982, there were no short term investments as all available funds had been used to finance the Epcot Center project. Interest expense amounting to $1,749,000 and $746,000 in fiscal years 1981 and 1980, respectively, has been netted against interest income. Interest costs amounting to $24.4 million in 1982 have been capitalized as a part of the cost of the Epcot Center in accordance with Statement of Financial Accounting Standards No. 34, "Capitalization of Interest Cost". The Company anticipates that for the next several years it may have substantial interest costs, some of which may not be capitalized.

Taxes on Income

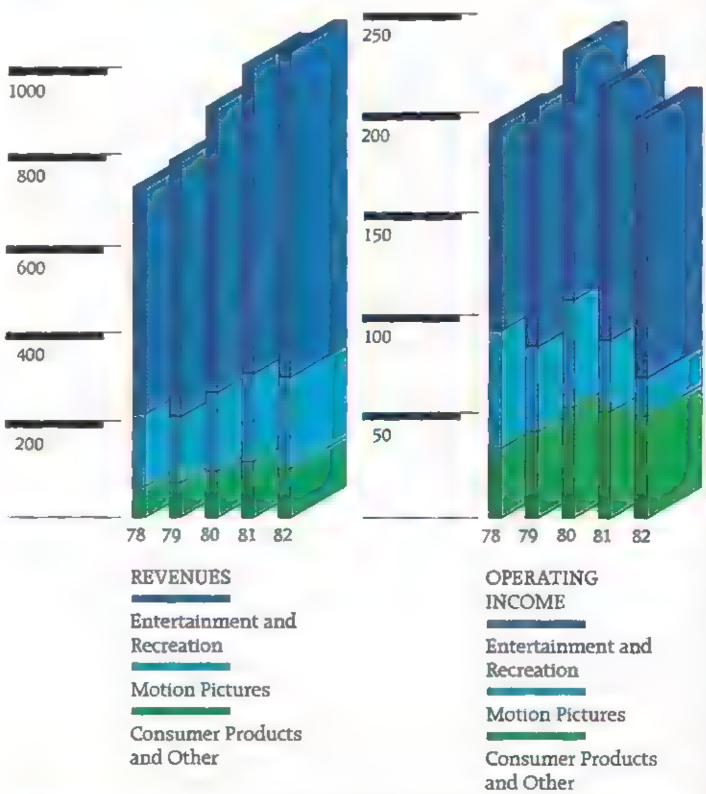
	1982	Change	1981	Change	1980
Amount	$ 78,700	−18%	$ 95,500	−15%	$ 112,800
Percent of income before taxes on income	44.0%		44.0%		45.5%

The difference between the U.S. federal income tax rate and the Company's effective income tax rate is explained as follows:

	1982	1981	1980
Federal income tax rate	46.0%	46.0%	46.0%
State income taxes, net of federal income tax benefit	2.6	2.4	2.4
Reduction in taxes resulting from:			
Investment tax credits	(4.6)	(2.1)	(2.1)
Other	–	(2.3)	(.8)
Effective income tax rate	44.0%	44.0%	45.5%

Investment tax credits, accounted for by the deferral method, are amortized as a reduction of the provision for taxes on income over the average service lives of the related assets. The Company recorded estimated claims for refundable income taxes of $41 million at September 30, 1982, primarily as a result of 1982 excess investment tax credits.

Revenues and Operating Income
(In Millions of Dollars)



CONSOLIDATED STATEMENT OF INCOME
(Dollar amounts in thousands, except per share data)

Walt Disney Productions
and Subsidiaries

Year Ended September 30	1982	1981*	1980*
Revenues			
Entertainment and recreation	$ 725,610	$ 691,811	$ 643,380
Motion pictures	202,102	196,806	171,965
Consumer products and other	102,538	116,423	99,160
Total revenues	1,030,250	1,005,040	914,505
Costs and Expenses of Operations			
Entertainment and recreation	592,965	562,337	515,848
Motion pictures	182,463	162,180	120,231
Consumer products and other	54,706	65,859	47,126
Total costs and expenses of operations	830,134	790,376	683,205
Operating Income Before Corporate Expenses			
Entertainment and recreation	132,645	129,474	127,532
Motion pictures	19,639	34,626	51,734
Consumer products and other	47,832	50,564	52,034
Total operating income before corporate expenses	200,116	214,664	231,300
Corporate Expenses (Income)			
General and administrative	30,957	26,216	21,130
Design projects abandoned	5,147	4,598	4,294
Interest income — net	(14,781)	(33,130)	(42,110)
Total corporate expenses (income)	21,323	(2,316)	(16,686)
Income Before Taxes on Income	178,793	216,980	247,986
Taxes on income	78,700	95,500	112,800
Net Income	$ 100,093	$ 121,480	$ 135,186
Earnings per Share	$ 3.01	$ 3.72	$ 4.16

*Restated for comparative purposes.

Financial Position

The Company's total assets have more than doubled over the last five years and now approximate $2.1 billion.

	1982	Change	1981	Change	1980
Total assets	$ 2,102,816	+31%	$ 1,610,009	+19%	$ 1,347,407

The increase in total assets in 1982 and 1981 is reflected primarily in the investment in Epcot Center, demonstrating management's plan to invest in assets that are intended to increase the productive capability of the Company for years to come. Short term investments of $248 million at September 30, 1981 have been used during 1982 to finance the Epcot Center project.

Total stockholders equity increased 9% in 1982 and has increased at an average annual rate of growth of 10.6% over the last five years.

	1982	Change	1981	Change	1980
Stockholders equity	$ 1,274,784	+9%	$ 1,167,118	+9%	$ 1,074,798
Per share	$ 38.22		$ 35.99		$ 33.22
Percent of total assets	61%		72%		80%

Stockholders equity has increased by $504 million over the last five years, reflecting the Company's continuing policy of reinvesting a significant portion of its earnings for future growth.

The ratio of equity to total assets has decreased during the last two years due to long term borrowings incurred by the Company to finance the Epcot Center project.

	1982	Change	1981	Change	1980
Long term borrowings	$ 315,000	+186%	$ 110,000	—	None
Percent of total assets	15%		7%		

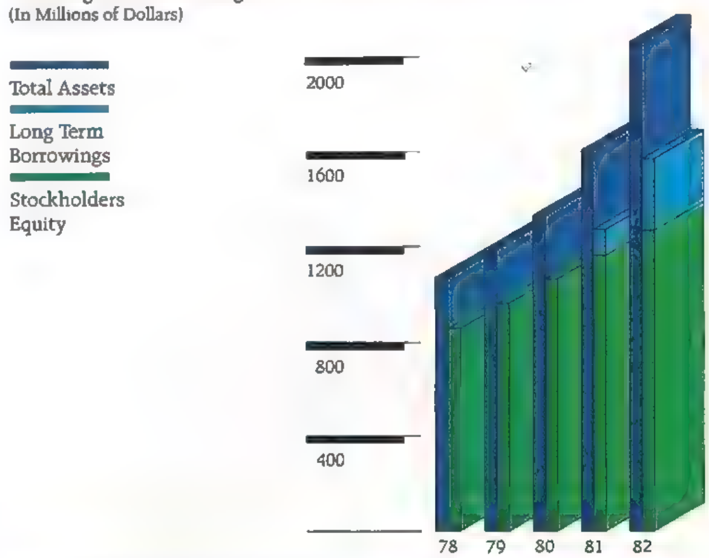
At September 30, 1982, the Company had outstanding $100 million in Eurodollar notes issued in September 1981. The Company had borrowed $15 million under the long term revolving line of credit. In addition, under the backing of this credit line, the Company had issued $200 million ($10 million-1981) of commercial paper used for current operations which it intends to roll-over or refinance during fiscal year 1983.

Commitments and Contingencies

The Company has pension plans covering substantially all of its domestic employees not covered by union or industry pension plans. The plans are funded by Company and employee payments to a trust administered by a bank. Net assets available for benefits as of June 30, 1982, the date of the latest actuarial valuation, equal $41 million. The actuarial present value of accumulated plan benefits, using an assumed rate of return published by the Pension Benefit Guaranty Corporation of 8¾%, equals $37 million.

The Company's subsidiary, Buena Vista Distribution Co., Inc., is a defendant with other motion picture distributors in a number of private treble damage actions asserting claims under the federal anti-trust laws. These actions, which seek damages aggregating hundreds of millions of dollars, are in various stages of pre-trial proceedings. The Company has denied the material allegations of the complaints in these actions, and in the opinion of management and counsel, the Company will not suffer any material liability by reason thereof.

Total Assets, Stockholders Equity and Long Term Borrowings
(In Millions of Dollars)



CONSOLIDATED BALANCE SHEET
(Dollar amounts in thousands)

Walt Disney Productions
and Subsidiaries

September 30	1982	1981
ASSETS		
Current Assets		
Cash	$ 13,652	$ 5,869
Short term investments		248,408
Accounts receivable, net of allowances	78,968	69,302
Income taxes refundable	41,000	
Inventories	66,717	59,773
Film production costs	43,850	59,079
Prepaid expenses	18,152	15,398
Total current assets	262,339	457,829
Film Production Costs — Non-Current	64,217	61,561
Property, Plant and Equipment, at cost		
Entertainment attractions, buildings and equipment	1,916,617	968,223
Less accumulated depreciation	(419,944)	(384,535)
	1,496,673	583,688
Construction and design projects in progress		
Epcot Center	120,585	439,858
Other	39,601	29,404
Land	16,379	16,419
	1,673,238	1,069,369
Other Assets	103,022	21,250
	$ 2,102,816	$ 1,610,009

	1982	1981
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable, payroll and other accrued liabilities	$ 210,753	$ 148,516
Taxes on income	26,560	33,057
Total current liabilities	237,313	181,573
Long Term Borrowings, including commercial paper of $200,000 and $10,000	315,000	110,000
Other Long Term Liabilities and Non-Current Advances	94,739	61,886
Deferred Taxes on Income and Investment Credits	180,980	89,432
Commitments and Contingencies		
Stockholders Equity		
Preferred shares, no par		
Authorized — 5,000,000 shares, none issued		
Common shares, no par		
Authorized — 75,000,000 shares		
Issued and outstanding — 33,351,482 and 32,433,360 shares	588,250	540,935
Retained earnings	686,534	626,183
	1,274,784	1,167,118
	$ 2,102,816	$ 1,610,009

Cash Provided by Operations

Cash provided by operations has increased by 79% over the last five years and by 30% to $274.8 million in 1982.

	1982	Change	1981	Change	1980
Cash provided by operations	$ 274,782	+30%	$ 210,805	+3%	$ 204,682

Cash provided by operations is $174.7 million greater than reported net income of $100.1 million. This difference is principally due to (i) $106.8 million of depreciation and amortization expense charged to income which does not require current cash outlays and (ii) the Company has paid approximately $44.1 million less in income taxes than the amount charged against income for 1982. The Company realizes an immediate benefit from investment tax credits (generated principally from the investment in the Epcot Center) as it pays its federal tax liability while for financial reporting purposes the same tax credits are deferred and recognized over an extended period of time.

Cash requirements for dividends and investing activities (excluding the name rights and equipment acquired for stock) exceeded cash provided by operations in 1982 by $471.5 million ($216.4 million-1981) due primarily to the Company's investment in the Epcot Center. This deficiency in cash from internal sources was financed by new sources of external financing and by participation fees advanced by Epcot participants, as well as by the utilization of cash and short term investments accumulated in prior years.

Dividends

It is the Company's policy to consider periodic dividend increases to its stockholders consistent with earnings growth and its need for funds to support future growth. The Board of Directors has increased the dividend rate for six consecutive years to its present annual rate of $1.20 per share. Total cash dividends in 1982 represents 39.7% of net income for the year.

	1982	Change	1981	Change	1980
Cash dividends	$ 39,742	+23%	$ 32,406	+39%	$ 23,280
Percent of net income	39.7%		26.7%		17.2%
Per share	$ 1.20		$ 1.00		$ .72

Investing Activities

The Company continues to invest in the future through its capital improvements program. Over the past five years, the Company has invested approximately $1.2 billion in property, plant and equipment and $253.0 million in film production for a total of almost $1.5 billion. These investments are intended to expand services and operating capability in the Company's entertainment and recreation businesses and to maintain and increase the productive capability (in the form of new film product) of its motion picture businesses. The consumer product businesses will also benefit from this continued expansion of product.

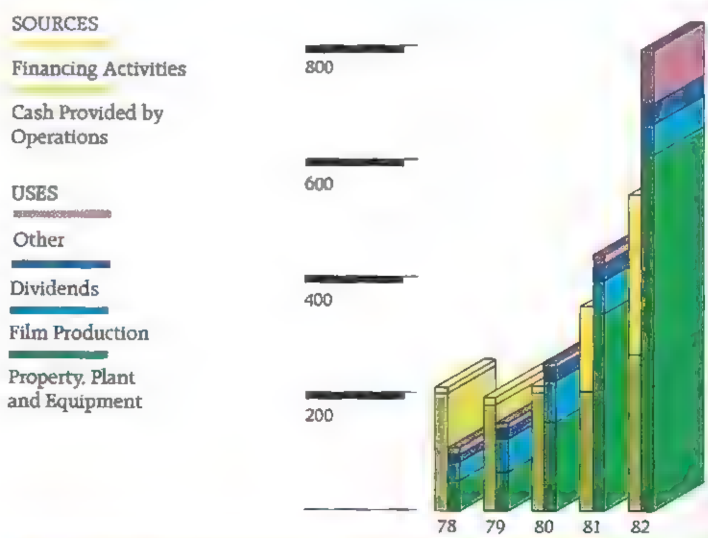
In fiscal 1982, expenditures were concentrated on the Epcot Center, which opened to the public on September 28, 1982. The total cost of the facilities that were completed and operational on opening day is $913.0 million. Additional attractions and exhibits planned for completion after opening day are estimated to cost $240.0 million, including construction in progress of $120.6 million at September 30, 1982. Interest costs of $24.4 million incurred in fiscal year 1982 were capitalized to various Epcot Center assets. In addition, the Company has expended $21.0 million through 1982 (and an additional $6.0 million in October 1982) associated with the opening of the Epcot Center. These preopening costs have been deferred and will be amortized over five years commencing on opening day.

In January 1982, the Company acquired the rights to the name, likeness and portrait of Walt Disney and the steam train and monorail systems at Disneyland from Retlaw Enterprises, Inc. The Company issued 888,461 shares of its common stock, which had a market value of $46.2 million, to the former shareholders of Retlaw. The $40.0 million attributed to the name rights is classified under Other Assets and the $6.2 million attributed to the steam train and monorail is classified under Property, Plant and Equipment.

	1982	Change	1981	Change	1980
Additions to property, plant and equipment					
Epcot Center	$ 600,777	+100%	$ 301,032	+166%	$ 113,155
Other	47,988	–	47,756	+1%	47,145
Additions to film production costs	52,295	−6%	55,454	−19%	68,409

The Company currently anticipates that expenditures during fiscal 1983 will approximate $120 million for the Epcot Center, $65 million for other property, plant and equipment and $90 million for motion picture and television production, including requirements for The Disney Channel. In addition, some interest costs will be capitalized, the amounts being dependent upon the extent of borrowings, the associated rates of interest incurred, and the amount of qualifying asset costs incurred during the year.

Principal Sources and Uses of Cash
(In Millions of Dollars)



CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(Dollar amounts in thousands)

Walt Disney Productions and Subsidiaries

Year Ended September 30	1982	1981	1980*
Cash provided by operations before taxes on income (see below)	$ 309,431	$ 316,949	$ 326,504
Taxes paid on income	34,649	106,144	121,822
Cash provided by operations	274,782	210,805	204,682
Cash dividends	39,742	32,406	23,280
	235,040	178,399	181,402
Investing activities			
Epcot Center, net of related payables	566,428	285,651	102,529
Other property, plant and equipment	47,988	47,756	47,145
Film production costs	52,295	55,454	68,409
Rights to the Walt Disney name	40,000		
Epcot Center preopening costs	19,170	1,907	
Long term notes receivable and other	26,881	4,023	1,619
	752,762	394,791	219,702
	(517,722)	(216,392)	(38,300)
Financing activities			
Common stock issued to acquire rights to the Walt Disney name and certain equipment	46,200		
Long term borrowings	205,000	110,000	
Participation fees, net of related receivables	23,867	24,745	10,361
Other	2,030	7,646	1,327
	277,097	142,391	11,688
Decrease in cash and short term investments	(240,625)	(74,001)	(26,612)
Cash and short term investments, beginning of year	254,277	328,278	354,890
Cash and short term investments, end of year	$ 13,652	$ 254,277	$ 328,278

The difference between income before taxes on income as shown on the Consolidated Statement of Income and cash provided by operations before taxes on income is explained as follows:

	1982	1981	1980*
Income before taxes on income	$ 178,793	$ 216,980	$ 247,986
Charges to income not requiring cash outlays:			
Depreciation	41,917	38,886	43,093
Amortization of film production costs	64,868	55,222	33,889
Other	9,950	9,449	6,530
Changes in:			
Accounts receivable	1,077	(18,591)	(13,589)
Inventories	(6,944)	(5,125)	(12,774)
Prepaid expenses	(2,754)	(3,960)	(2,461)
Accounts payable, payroll and other accrued liabilities	22,524	24,088	23,830
	130,638	99,969	78,518
Cash provided by operations before taxes on income	$ 309,431	$ 316,949	$ 326,504

*Restated to conform to format change in 1981.

Financing Activities

The Company utilizes financing strategies and various financing arrangements covering projected financing needs of the next two to three years. These strategies are designed to give the Company the flexibility it needs during a period of major investing activities and anticipated significant interest rate fluctuations. The Company has credit ratings of A-1+ and P-1 for commercial paper from two of the major rating agencies.

Revolving Line of Credit and Commercial Paper

The Company has available through December 1985 an unsecured revolving line of credit of up to $400 million for general corporate purposes. The Company has the option to borrow at various interest rates not to exceed the bank's prime rate. Under the line of credit, the Company is required to pay a fee on the unused portion of the commitment, to maintain certain compensating balances and to meet certain minimum net worth and working capital requirements. Up to $200 million of the line of credit is available as backing for commercial paper borrowings by the Company. Borrowings under, or backed up by, the line of credit are classified as Long Term Borrowings.

As of September 30, 1982, the Company had borrowed $15 million at 13½% under the revolving line of credit and had issued $200 million of commercial paper used for current operations, with interest averaging 9.86%. Commercial paper is generally intended to be rolled-over or to be replaced by new long term borrowings or by borrowings under the revolving line of credit and, accordingly, has been classified as a long term liability.

The Company issued 15¾% notes as of September 1, 1981, totaling $100 million as a result of a Eurodollar offering. These notes will mature on September 1, 1986, and are redeemable after September 1, 1984. Interest on the notes is payable annually.

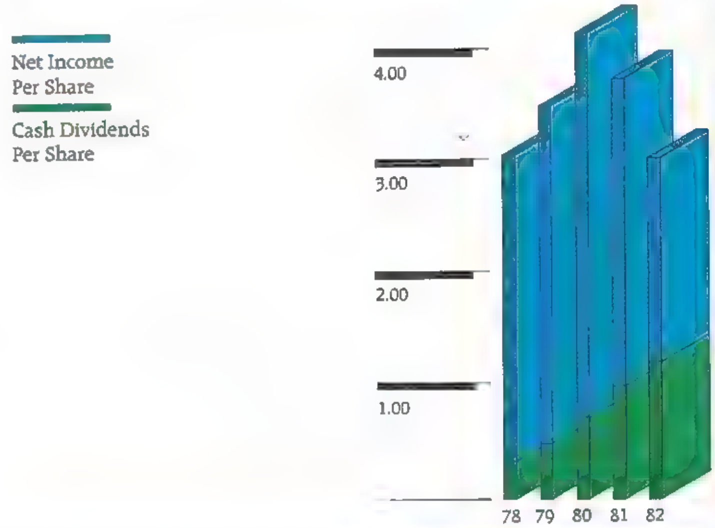
On September 23, 1982, the Company authorized the issuance of 12½% notes relative to an additional Eurodollar offering totaling $75 million. The funds associated with this offering were received on October 15, 1982. The notes will mature on March 15, 1989, and are redeemable after September 15, 1986. Interest on the notes is payable annually. Concurrent with the completion of the 12½% Eurodollar offering, the Company entered into a forward exchange contract with a multinational financial institution which effectively converts $50 million of the notes into yen equivalents. The Japanese yen debt, due March 14, 1989, is non-redeemable. At September 30, 1982, the effective interest rate was 7.96% on the yen notes assumed.

Inflation and Changing Prices

The Financial Accounting Standards Board has required two supplementary income computations, one dealing with the effects of general inflation (constant dollar) and the other dealing with the effects of changes in specific prices (current cost).

When the Company's historical results are adjusted by this remeasurement process, the cost of property, plant and equipment and depreciation expense are increased significantly. Net assets at year end are increased by $619 million when the costs are adjusted to average 1982 dollars (constant dollar) and by $629 million when adjusted to specific prices (current cost). This increase in the valuation of assets results in a theoretical increase in depreciation expense of $32 million (constant dollar) and $31 million (current cost). This adjustment of depreciation expense is the primary cause of the decrease in net income adjusted for the effects of inflation to $60.527, or $1.82 (constant dollar) and

Net Income and Cash Dividends Per Share



$59.327, or $1.79 (current cost). However, this additional theoretical depreciation should not be interpreted as an indication of a decline in the Company's ability to maintain its productive capability. As a result of carefully planned and comprehensive refurbishing programs at its entertainment facilities, the productive capability is continuously renewed. The Company is not confronted with a problem of replacing very old and worn-out capital assets.

The impact of inflation can also be recognized when the Epcot Center project construction costs incurred over the last two years are adjusted for inflation since 1976, the year the Company announced its plans for Epcot. These costs of about $900 million would approximate only $550 million in 1976 constant dollars.

Foreign Currency Translation

The Company may realize a gain or loss on foreign currency transactions that reflect a change in rates of exchange between the time revenues are earned and the time they are converted to U.S. dollars. As the U.S. dollar strengthens in relation to a foreign currency, the foreign monies have less value, and, conversely, when the dollar weakens the foreign monies have more value, when converted to the dollar. Such transaction gains and losses, which are not material, are included in income. In translating assets and liabilities that are recorded or denominated in currencies other than the U.S. dollar, the resulting gain or loss is also included in income. Such gain or loss is not material due to the Company's relatively low foreign investment in inventories and property, plant and equipment.

Foreign currency fluctuations from year to year can have a significant impact on the Company's earnings. The magnitude of currency changes have been significant during the past year as the U.S. dollar has strengthened against virtually all foreign currencies. Had currency rates remained constant year-to-year, it is estimated that revenues would have been over $30 million greater in 1982.

The Company has plans to hedge long term borrowings involving the Japanese yen by designating the anticipated future revenues from the Tokyo Disneyland project to service interest and principal payments for such indebtedness, thus attempting to substantially offset fluctuations in the Japanese yen exchange rate.

Stock Transfer Agent and Registrar

Bank of America, N.T. & S.A., San Francisco

Stock Exchanges

The Common Stock of the Company is listed for trading on the New York, Pacific and Swiss Stock Exchanges. The Euro-Bond notes of the Company are listed on The Stock Exchange in London.

Independent Accountants

Price Waterhouse, West Los Angeles

Annual Meeting of Stockholders

Thursday, February 24, 1983

Other Information

A copy of the Company's annual report to the Securities and Exchange Commission (Form 10-K) will be furnished without charge to any stockholder upon written request to the Secretary, Walt Disney Productions, 500 S. Buena Vista Street, Burbank, California 91521.

Walt Disney Productions makes available to its stockholders a Dividend Reinvestment Plan. Those wishing a pamphlet about the plan should write to the Stockholder Relations Department, Walt Disney Productions, 500 S. Buena Vista Street, Burbank, California 91521.

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

The consolidated financial statements of Walt Disney Productions and Subsidiaries have been included on the following pages of this Annual Report:

Additional information, although not a required part of the basic financial statements, may be read in conjunction with the financial statements and appears in the following supplemental section of this Annual Report:

The changes in presentation of financial information for fiscal 1982 are referred to on page 3 of this report.

REPORT OF INDEPENDENT ACCOUNTANTS

1880 Century Park East
West Los Angeles, California 90067
November 23, 1982

To the Board of Directors and Stockholders
of Walt Disney Productions

In our opinion, the consolidated financial statements listed in the above index and appearing on pages 29, 31, 33 and 37 through 41, present fairly the financial position of Walt Disney Productions and its subsidiaries at September 30, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended September 30, 1982, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

1. Description of the Business and Summary of Significant Accounting Policies

WALT DISNEY PRODUCTIONS is a diversified international company engaged in family entertainment and operates in three business segments; financial information regarding business segments appears on the Consolidated Statement of Income and in Note 6.

ENTERTAINMENT AND RECREATION
The Company operates an amusement theme park, "Disneyland", in California and wholly owned subsidiaries operate a destination resort, "Walt Disney World", in Florida. In addition to an amusement theme park, the "Magic Kingdom", and the recently opened "Epcot Center", the Walt Disney World complex includes three hotels, camping, golfing and other recreational facilities, a shopping village, a conference center and other lodging accommodations.

MOTION PICTURES
The Company produces motion pictures for the theatrical, television and home video markets. The Company distributes its filmed product through its own distribution and marketing companies in the United States and through foreign subsidiaries in certain countries and other distribution companies throughout the rest of the world.

The Company has included home video and non-theatrical (16mm) feature film revenues and costs and expenses in this segment for the first time in 1982 and has restated prior years for comparative purposes (these activities were previously reported under Consumer Products and Other).

CONSUMER PRODUCTS AND OTHER
The Company licenses the name Walt Disney, its characters, its literary properties and its songs and music to various manufacturers, retailers, printers and publishers. The Company also produces and distributes phonograph records, 16mm prints of product developed on educational subjects, and a broad range of teaching aids. These activities are conducted through the character merchandising and publications, records and music publishing, and telecommunications and non-theatrical divisions and subsidiaries of the Company.

The following summary of the Company's significant accounting policies is presented as an integral part of the financial statements.

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its domestic and foreign subsidiaries, all wholly owned.

Revenue Recognition
Generally, revenue is recorded when the earning process is substantially complete and goods have been delivered or services performed. Revenue from entertainment and recreation activities is received principally in cash; revenue from participant/sponsors at the theme parks and Epcot Center is recorded over the period of the applicable agreements commencing with the opening of the attraction. Revenue from the theatrical distribution of motion pictures is recognized when motion pictures are exhibited domestically and when revenues are reported from foreign distributors; revenue from television licensing agreements is generally recorded when the film is available to the licensee and certain other conditions are met.

Film Production Costs and Amortization
Costs of completed theatrical and television film productions (negative costs), together with applicable capitalized exploitation costs, are amortized by charges to income in the proportion that gross revenue recognized by the Company during the year for each production bears to the estimated total gross revenue to be received. Estimates of total gross revenue are reviewed periodically and amortization is adjusted accordingly. If unamortized cost exceeds the estimated producers share of film rentals to be received, the carrying value of the film is adjusted to expected net realizable value.

Inventories
Costs of merchandise, materials and supplies inventories are generally determined on the moving average basis and the retail method and are stated at the lower of cost or market.

Property, Plant and Equipment
The Company, at any one point in time, will have a number of projects in the concept, design, or construction phases related to entertainment attractions, buildings and equipment. All projects in progress are evaluated on a continuing basis and, upon completion, costs of major replacements and betterments are capitalized. If it is determined that a project in progress has no future use, the costs of such project are charged to income under the caption "Design Projects Abandoned".

Depreciation is provided principally on the straight line method using estimated service lives ranging from four to fifty years.

Other Assets
Deferred preopening costs relating to the Epcot Center are being amortized over five years, commencing with opening day on September 28, 1982. Rights to the name, likeness and portrait of Walt Disney are being amortized over forty years, commencing with the acquisition date of January 28, 1982.

Taxes on Income
Taxes are provided on all revenue and expense items included in the consolidated statement of income, regardless of the period in which such items are recognized for income tax purposes, except for items representing a permanent difference between pretax accounting income and taxable income. Investment tax credits, accounted for by the deferral method, are amortized as a reduction of the provision for taxes on income over the average service lives of the related assets.

Stock Options
Proceeds from the sale of common stock issued under stock option plans are accounted for as capital transactions. If stock appreciation rights (SAR's) are granted in connection with options granted, income is charged or credited over the vesting period for the difference between the market price of the Company's stock and the option price of the appreciation rights outstanding.

Earnings per Share

Earnings per common and common equivalent share are computed on the basis of the average number of shares outstanding during each year, retroactively adjusted to give effect to all stock splits and stock dividends. It is assumed that all dilutive stock options are exercised at the beginning of each year and that the proceeds are used to purchase shares of the Company's common stock at the average market price during the year.

2. Film Production Costs

Theatrical and television film production costs consist of the following components (in thousands of dollars):

	1982	1981
Released, less amortization	$ 52,222	$ 54,100
Completed, not yet released	13,010	21,562
In process	42,835	44,978
	108,067	120,640
Less: Non-current film production costs	64,217	61,561
Current film production costs	$ 43,850	$ 59,079

Non-current film production costs include costs of theatrical and television films in process of production, portions of completed theatrical film costs allocated to television and portions of completed television film costs allocated to foreign markets. In 1982, non-current costs also include amounts for completed theatrical and television film costs allocated to the pay television and home video markets (Note 6).

3. Epcot Center

The Epcot Center opened on September 28, 1982. This complex, located at Walt Disney World, involves two major themed areas, Future World and World Showcase. The cost of the facilities that were completed and operational on opening day is $913.0 million. Additional attractions and exhibits presently planned for completion after opening day are estimated to cost $240.0 million, including construction in progress of $120.6 million at September 30, 1982; the Company had remaining commitments of approximately $39.0 million for construction management services, construction contracts and architectural/engineering services. Interest costs of $24.4 million incurred in fiscal year 1982 were capitalized to various Epcot Center assets.

The Company has expended $21.0 million through fiscal 1982 (and an additional $6.0 million in October 1982) associated with the opening of the Epcot Center. These costs, which include, among other activities, staffing/training and national advertising/promotion (including national television specials), are classified as deferred preopening costs and will be amortized over five years, commencing with opening day.

In accordance with the current corporate participation agreements, the Company expects to receive approximately $325.0 million in Epcot Center participation fees through 1993, of which $65.2 million has been received as of September 30, 1982 and is included in Other Long Term Liabilities and Non-Current Advances.

4. Taxes on Income (in thousands of dollars)

The income before provision and the provision for taxes on income is composed of the following:

	1982	1981	1980
Income before provision for taxes on income			
Domestic (including U.S. exports)	$ 167,083	$ 212,885	$ 243,449
Foreign subsidiaries	11,710	4,095	4,537
Total income before provision for taxes on income	$ 178,793	$ 216,980	$ 247,986
Provision for taxes on income			
Currently payable (refundable)			
Federal	$ (29,109)	$ 81,157	$ 97,352
State	3,485	10,058	11,668
Foreign			
Foreign subsidiaries	5,275	2,389	2,128
Other	5,407	4,328	3,326
Total currently payable (refundable)	(14,942)	97,932	114,474
Deferred			
Federal	96,627	2,526	4,194
State	5,215	(458)	(668)
Investment credits amortized	(8,200)	(4,500)	(5,200)
Total deferred	93,642	(2,432)	(1,674)
Total provision for taxes on income	$ 78,700	$ 95,500	$ 112,800

The significant components of deferred taxes on income included in the provision for taxes on income are as follows:

	1982	1981	1980
Excess of tax over book depreciation	$ 54,090	$ 3,350	$(1,090)
Difference between investment credits claimed for tax purposes and amortization under deferral method for financial reporting purposes	39,741	330	1,500
Interest capitalized for financial reporting purposes	11,840	—	—
Epcot expenses deferred for financial reporting purposes	9,400	—	—
Epcot participant fees included in income for tax purposes	(16,280)	(11,920)	(5,020)
Other	(5,149)	5,808	2,936
Total provision for deferred taxes on income	$ 93,642	$ (2,432)	$(1,674)

The opening of the Epcot Center (Note 3) in September 1982 enabled the Company to claim significant investment tax credits on new investments of qualified property and to recognize excess of tax over book depreciation. Primarily as a result of these 1982 excess investment tax credits, the Company recorded estimated claims for refundable income taxes of $41,000 at September 30, 1982.

Net deferred taxes of $11,036 at September 30, 1982 ($9,869—1981) are included in taxes on income under Current Liabilities.

The balance of deferred investment tax credits amounted to 59,111 at September 30, 1982 ($19,370—1981) and is included in Deferred Taxes on Income and Investment Credits.

The difference between the U.S. federal income tax rate and he Company's effective income tax rate is explained below:

	1982	1981	1980
Federal income tax rate	46.0%	46.0%	46.0%
State income taxes, net of federal income tax benefit	2.6	2.4	2.4
Reduction in taxes resulting from:			
Investment tax credits	(4.6)	(2.1)	(2.1)
Other	—	(2.3)	(.8)
Effective income tax rate	44.0%	44.0%	45.5%

5. **Employee Benefits** (in thousands of dollars, except per share data)

Pension and Deferred Compensation Plans

The Company contributes to various domestic trusteed pension plans under union and industry-wide agreements. Contributions are based on the hours worked by or gross wages paid to covered employees.

The Company has pension plans covering substantially all of its domestic employees not covered by union or industry pension plans. The plans are funded by Company and employee payments to a trust administered by a bank.

A comparison of accumulated plan benefits for the defined benefit plans with net assets available for benefits as of the date of the latest actuarial valuations is as follows:

	1982	1981
Vested	$ 30,590	$ 23,700
Nonvested	6,530	5,360
Actuarial present value of accumulated plan benefits	$ 37,120	$ 29,060
Net assets available for benefits	$ 40,500	$ 41,600

The rates of return used in determining the actuarial present value of accumulated plan benefits, based on Pension Benefit Guaranty Corporation interest assumptions, were 8¾% for 1982 and 8½% for 1981.

The Company also has a non-qualified and unfunded key employee retirement plan providing for Company and domestic employee contributions. The amount accrued as a long term liability under this plan was $17,413 at September 30, 1982 ($13,999—1981); the actuarially computed unrecorded past service liability at the date of the latest determination was approximately $8,400.

The aggregate amounts expensed for all of these plans were $9,294, $7,598 and $7,146 for fiscal years 1982, 1981 and 1980, respectively, including amortization of actuarially computed prior service costs, where applicable, over periods ranging up to thirty-one more years.

Stock Option Plans

The Company grants stock options under its 1967, 1973 and 1980 Stock Option Plans and under its 1981 Incentive Plan to key executive, management and creative personnel at prices equal to market price at date of grant. The options and prices set forth below have been adjusted, where applicable, for all subsequent stock splits and stock dividends.

Transactions under the various Plans during fiscal year 1982 were as follows:

	Number of Shares	
	Options Granted	Available For Grant
Outstanding September 30, 1981 ($20.77 to $64.31 per share)	1,025,293	867,406*
Options terminated	(23,107)	23,104
Options granted	263,100	(263,100)
Options exercised	(29,661)	—
SAR's exercised	(15,484)	—
Outstanding September 30, 1982 ($20.77 to $64.31 per share)	1,220,141**	627,410

*Includes 797,310 shares available for grant under the 1981 Incentive Plan.
**Includes 336,943 options with SAR's.

Options are exercisable beginning not less than one year after date of grant. All options expire ten years after date of grant. At September 30, 1982, options on 403,527 shares granted under the 1973 Plan were exercisable at $20.77 to $40.81 per share; options on 135,762 shares granted under the 1980 Plan were exercisable at $51.75 to $64.31 per share; and none of the options granted under the 1981 Incentive Plan had become exercisable.

Under the Company's 1967, 1973 and 1980 Stock Option Plans, $917 was received in fiscal year 1982 ($2,268—1981 and $1,240—1980) and credited to stockholders equity for 29,661, 79,041 and 54,888 shares which were issued on the exercise of options in fiscal years 1982, 1981 and 1980, respectively. Income tax benefit from purchase of option shares by employees of $198 was credited to stockholders equity in fiscal year 1982 ($978—1981 and $590—1980).

The 1980 Stock Option Plan and 1981 Incentive Plan permit the granting of stock appreciation rights (SAR's) in connection with any option granted under these plans or under the 1973 Stock Option Plan. In lieu of exercising a stock option, SAR holders are entitled, upon exercise of an SAR, to receive cash or common shares or a combination thereof in an amount equal to the excess of the fair market value of such shares on the date of exercise over the option price.

As of September 30, 1982, SAR's were outstanding with respect to 336,943 shares subject to options under the 1973 and 1980 Stock Option and 1981 Incentive Plans. These SAR's were granted to a limited number of key employees. Income and overhead accounts were charged with $1,869 during fiscal year 1982 ($522—1981 and $2,188—1980) in respect to SAR's.

Employee Stock Ownership Plan for Salaried Employees

The Company also has an Employee Stock Ownership Plan (ESOP) for salaried employees. Under the Plan, the Company has claimed an additional 1% of the Company's qualified capital investments as an investment tax credit and paid such an amount to a trust which then purchases shares of the Company's stock in the open market for the employees' benefit. Relating to fiscal 1981 and 1980, respectively, $583 and $707 have been used to purchase 10,758 and 11,682 shares of common stock. The Company has also claimed a further tax credit equal to an additional ½% of the Company's qualified capital investments which was used to match employee contributions. Relating to fiscal 1981 and 1980, respectively, the matching employer contributions of $281 and $334 have been used to purchase 10,380 and 10,994 shares of common stock.

6. Business Segments (in thousands of dollars)

The Company operates in three business segments: Entertainment and Recreation, Motion Pictures, and Consumer Products and Other. These business segments are identified in the Description of the Business (Note 1).

The Consolidated Statement of Income presents the revenue and operating income by business segment. The Company has included home video and non-theatrical (16mm) feature film revenues and costs and expenses in the motion pictures segment for the first time in 1982 and has restated prior years for comparative purposes (these activities were previously reported under Consumer Products and Other). As a result, revenues of $37.7, $22.2 and $10.6 million and operating profit of $11.2, $4.1 and $3.1 million were reclassified to the motion pictures segment for fiscal years 1982, 1981 and 1980, respectively.

Additional financial information relative to business segments follows.

Total consolidated revenues include foreign revenues (export sales) related to the following geographic areas:

	1982	1981	1980
Europe	$ 82,242	$ 84,932	$ 95,749
Western Hemisphere (excluding the United States)	24,706	26,014	24,413
Other	28,671	24,189	13,701
	$ 135,619	$ 135,135	$ 133,863

Capital expenditures by business segment were:

	1982	1981	1980
Entertainment and recreation	$ 645,632	$ 344,361	$ 157,834
Motion pictures	2,794	4,040	2,020
Consumer products and other	66	277	140
Corporate	273	110	306
	$ 648,765	$ 348,788	$ 160,300

Depreciation expense of property, plant and equipment by business segment was:

	1982	1981	1980
Entertainment and recreation	$ 40,078	$ 37,338	$ 41,780
Motion pictures	1,517	1,200	921
Consumer products and other	118	155	199
Corporate	204	193	193
	$ 41,917	$ 38,886	$ 43,093

Commencing October 1, 1980, the Company extended the estimated useful lives of certain theme park ride and attraction assets based upon historical data and engineering studies. The effect of this change in 1981 was to decrease depreciation by approximately $8 million (an increase in net income of approximately $4.2 million, or $.13 per share).

Amortization expense of film production costs (classified under Motion Pictures) was $64.9, $55.2 and $33.9 million for fiscal years 1982, 1981 and 1980, respectively. Included in 1982 amortization are write-downs totaling $27.7 million of three new live action releases to their expected net realizable values ($20.5 million—1981 and $9.5 million—1980). During the fourth quarter of 1982, the Company revised its revenue estimates for motion picture films to reflect the increasing importance of revenues from pay television and home video markets. The effect of this change was to decrease amortization of film production costs by approximately $8 million (an increase in net income of approximately $4.2 million, or $.13 per share).

Identifiable assets by business segment were:

	1982	1981	1980
Entertainment and recreation	$ 1,808,731	$ 1,141,657	$ 825,364
Motion pictures	146,337	157,106	154,135
Consumer products and other	34,129	39,239	30,265
Corporate	113,619	272,007	337,643
	$ 2,102,816	$ 1,610,009	$ 1,347,407

7. Long Term Borrowings

Long term borrowings consisted of the following (in thousands of dollars):

	1982	1981
15¾% unsecured Eurodollar notes, due September 1, 1986 and redeemable at option of Company after September 1, 1984, interest payable annually	$ 100,000	$ 100,000
Borrowings under unsecured revolving line of credit	15,000	
Commercial paper	200,000	10,000
	$ 315,000	$ 110,000

Revolving Line of Credit and Commercial Paper

The Company has available through December 1985 an unsecured revolving line of credit of up to $400 million for general corporate purposes. The Company has the option to borrow at various interest rates not to exceed the bank's prime rate. Under the line of credit, the Company is required to pay a fee on the unused portion of the commitment, to maintain certain compensating balances and to meet certain minimum net worth and working capital requirements. Up to $200 million of the line of credit is available as backing for commercial paper borrowings by the Company.

As of September 30, 1982, the Company had borrowed $15 million at 13½% under the revolving line of credit and had issued $200 million of commercial paper used for current operations, with interest averaging 9.86%. Commercial paper is generally intended to be rolled-over or to be replaced by new long term borrowings or by borrowings under the revolving line of credit and, accordingly, has been classified as a long term liability.

1982 Eurodollar Offering

On September 23, 1982, the Company authorized the issuance of 12½% notes for an additional $75 million Eurodollar offering. The proceeds were received on October 15, 1982. The notes will mature on March 15, 1989, and are redeemable after September 30, 1986. Concurrent with the completion of the offering, the Company entered into a forward exchange contract with a multinational financial institution which effectively converts $50 million of the Eurodollar notes into Japanese yen equivalents. The yen debt, due March 14, 1989, is non-redeemable. At September 30, 1982, the effective interest rate was 7.96% on the yen notes assumed.

8. Detail of balance sheet accounts

(In thousands of dollars, except per share data)

Other Assets

	1982	1981
Walt Disney name rights, net of amortization (Note 9)	$ 39,333	
9.5% secured long term note receivable, due September 26, 1987	25,500	
Epcot deferred preopening costs (Note 3)	21,077	$ 1,907
Other	17,112	19,343
	$ 103,022	$ 21,250

Other Long Term Liabilities and Non-Current Advances

	1982	1981
Epcot participation fees (Note 3)	$ 75,961	$ 41,300
Key employee retirement plan (Note 5)	17,413	13,999
Other	1,365	6,587
	$ 94,739	$ 61,886

Accounts Payable, Payroll and Other Accrued Liabilities

	1982	1981
Accounts payable — trade	$ 65,846	$ 52,965
Accounts payable — construction contracts	58,992	26,007
Payroll and employee benefits	41,413	34,597
Unearned deposits and advances	25,298	17,952
Cash dividends payable	10,005	8,108
Property, payroll and other taxes	9,199	8,887
	$ 210,753	$ 148,516

Retained Earnings

	1982	1981	1980
Balance at beginning of the year	$ 626,183	$ 537,109	$ 425,203
Net income	100,093	121,480	135,186
Dividends declared ($1.20, $1.00 and $.72 per share)	(39,742)	(32,406)	(23,280)
Balance at end of the year	$ 686,534	$ 626,183	$ 537,109

Common Shares

	1982		1981		1980	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance at beginning of the year	32,433,360	$ 540,935	32,354,319	$ 537,689	32,299,431	$ 535,859
Exercise of stock options including related tax benefits (Note 5)	29,661	1,115	79,041	3,246	54,888	1,830
Shares issued for Retlaw acquisition (Note 9)	888,461	46,200				
Balance at end of the year	33,351,482	$ 588,250	32,433,360	$ 540,935	32,354,319	$ 537,689

9. Acquisition

In January 1982, the Company acquired the rights to the name, likeness and portrait of Walt Disney and the steam train and monorail systems at Disneyland from Retlaw Enterprises, Inc. (a company owned by the family of the late Walter E. Disney). The Company issued 888,461 shares of its common stock with an approximate market value of $46.2 million to the stockholders of Retlaw. Of the total purchase price, $40.0 million was allocated to the name rights ("Other Assets") and $6.2 million to the steam train and monorail ("Property, Plant and Equipment").

Prior to the January 1982 acquisition, Retlaw earned royalties from the Company, pursuant to the agreement for the use of the name, amounting to $2.3, $6.9 and $7.1 million for the fiscal years 1982 (4 months), 1981 and 1980, respectively; in accordance with such name agreement, the amount in 1982 included $1.0 million ($3.8 million—1981 and $3.6 million—1980) as a participation by Retlaw of 5% in the profits, as defined in that agreement, of certain Walt Disney World operations.

10. Tokyo Disneyland

The Company entered into an agreement in April 1979 with Oriental Land Co., Ltd. with regard to the construction and operation of Tokyo Disneyland, an amusement theme park similar in size and concept to Disneyland, located approximately 6 miles from downtown Tokyo, Japan. Oriental Land Co., Ltd. is responsible for park construction and future operations. The Company has provided master planning, design, manufacturing and personnel training services during the construction period and will be providing on-going consulting services after the park commences operations. The Company has received reimbursement for its costs incurred on the project and is entitled to royalties on certain revenues generated from future operations of the park. Construction is approximately 80% complete as of September 30, 1982, and Tokyo Disneyland is scheduled to open to the public on or about April 15, 1983.

11. Commitments and Contingencies

The Company's subsidiary, Buena Vista Distribution Co., Inc., is a defendant with other motion picture distributors in a number of private treble damage actions asserting claims under the federal anti-trust laws. These actions, which seek damages aggregating hundreds of millions of dollars, are in various stages of pre-trial proceedings. The Company has denied the material allegations of the complaints in these actions, and in the opinion of management and counsel, the Company will not suffer any material liability by reason thereof.

In November 1982, Group W made various claims against the Company arising out of the discontinuation of discussions between them regarding a proposed joint venture for The Disney Channel. In the opinion of management, the Company will not suffer any material liability by reason thereof.

General Background

Inflation has become a subject of increasing significance in the U.S. economy during the past decade. During periods of continuing inflation the purchasing power of the dollar is eroded, meaning that it requires more dollars to purchase the same goods and services.

The basic financial statements traditionally reflect the historic cost rather than the current cost of assets required to maintain an enterprise's productive capability. Transactions are recorded in terms of the number of dollars actually received or expended without regard to changes in the purchasing power of the currency or changes in the cost of goods and services consumed.

There is no universally accepted method for measuring the effect of inflation in financial statements. In recognition of the need, however, to provide readers of financial statements with information to assist them in assessing that impact, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 33, "Financial Reporting and Changing Prices" (SFAS 33). The general objectives of reporting the effects of changing prices as expressed in SFAS 33 are to help users assess (a) future cash flows, (b) the maintenance of operating capability, (c) financial performance, and (d) the maintenance of general purchasing power.

The Statement prescribes two supplementary income computations. One deals with the effects of general inflation (constant dollars) and the other deals with the effects of changes in the specific prices of the resources actually used in the operations of the enterprise (current cost).

Under the "constant dollar" method, historical cost financial information is adjusted only for changes that have occurred in the general purchasing power of the dollar as measured by the Consumer Price Index for all Urban Consumers (CPI-U).

Under the "current cost" method, historical cost financial information is adjusted for changes in specific prices. Changes in specific prices may be due in part to changes in general purchasing power and in part to other market factors (such as technological improvements, variations in supply and demand for skills and commodities and shifts in consumer tastes). As a result, specific productive assets are measured at the current costs of replacement rather than at the historic costs originally incurred to acquire them. Current cost measurement techniques used by the Company include direct pricing, application of specific indexes, and functional and unit pricing.

Constant dollar and current cost adjustments for the current fiscal year are as follows:

Supplementary Statement of Consolidated Income
Adjusted for Changing Prices
For The Year Ended September 30, 1982
(In thousands of dollars, except per share data)

	As Included In Primary Financial Statements (Historical Cost)	As Adjusted For General Inflation (Constant Dollar)	As Adjusted For Changes In Specific Prices (Current Cost)
Revenues	$ 1,030,250	$ 1,030,250	$ 1,030,250
Costs and expenses			
Cost of goods sold	158,849	161,000	163,000
Depreciation	41,917	73,700	72,900
Amortization	64,868	70,500	70,500
Other expenses	600,604	600,604	600,604
Interest income — net	(14,781)	(14,781)	(14,781)
Taxes on income	78,700	78,700	78,700
Total costs and expenses	930,157	969,723	970,923
Net income	$ 100,093	$ 60,527	$ 59,327
Earnings per share	$ 3.01	$ 1.82	$ 1.79
Gain from decline in purchasing power of net amounts owed		$ 19,600	$ 19,600
Increase in specific prices (current cost) of inventories; film production costs; and property, plant and equipment*			$ 69,000
Effects of increase in general inflation			104,000
Excess of increase in the general price level over increase in specific prices			$ 35,000

*At September 30, 1982 the current cost of inventories was $67,000, film production costs net of amortization was $121,000, and property, plant and equipment net of accumulated depreciation was $2,290,000.

Net assets at year end are increased by $619 million when the cost of inventories, film production costs and the cost of property, plant and equipment are adjusted to average 1982 dollars (constant dollar) and by $629 million when adjusted to specific prices (current cost). This increase in the valuation of assets results in a theoretical increase in depreciation expense of $32 million (constant dollar) and $31 million (current cost). This adjustment of depreciation expense is the primary cause of the decrease in net income adjusted for the effects of inflation. In computing the above amounts, normal service lives and depreciation/amortization rates have been applied to the adjusted amounts. No adjustments are made to fully depreciated assets currently utilized in the Company's business. Revenues and all other expenses are considered to reflect the average price levels for the year and accordingly have not been adjusted.

Net monetary assets represent cash or claims to cash less amounts owed. When prices are increasing, the holding of monetary assets results in a loss in general purchasing power. Similarly, amounts owed produce a gain in general purchasing power because the amount of money required to settle the liabilities represents dollars of diminishing purchasing power. At September 30, 1982, the excess of monetary liabilities over monetary assets resulted in a net gain in purchasing power. This gain is presented as supplementary information and has not been included in the Supplementary Statement of Consolidated Income Adjusted For Changing Prices.

The current cost of fixed assets generally rose at a rate lower than the CPI-U during the year. As a result, increases in specific prices of property, plant and equipment were lower than the increase in the general price level.

As required by SFAS 33, certain selected financial data are restated based on the average CPI-U for the year for each of the five years shown. The amounts as expressed in average 1982 dollars are as follows:

Five Year Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices
In Average 1982 Dollars
(In thousands of dollars, except per share data)

Year Ended September 30	1982	1981	1980	1979	1978
Revenues					
Constant dollars	$ 1,030,250	$ 1,081,000	$ 1,092,000	$ 1,081,000	$ 1,069,000
Net Income					
Constant dollars	$ 60,500	$ 88,300	$ 114,700		
Current cost	$ 59,300	$ 85,200	$ 110,000		
Earnings per share					
Constant dollars	$ 1.82	$ 2.71	$ 3.46		
Current cost	$ 1.79	$ 2.61	$ 3.39		
Net assets at year end					
Constant dollars	$ 1,900,000	$ 1,820,000	$ 1,790,000		
Current cost	$ 1,860,000	$ 1,790,000	$ 1,890,000		
Cash dividends per common share					
Constant dollars	$ 1.20	$ 1.07	$ .85	$ .65	$ .47
Market price per common share at year end					
Constant dollars	$ 56.63	$ 49.86	$ 55.97	$ 54.16	$ 63.26
Gain (loss) from decline in purchasing power of net amounts owed (monetary assets)	$ 19,600	$ 4,300	$ (23,700)		
Excess of increase in the general price level over increase in specific prices	$ 35,000	$ 59,000			
Average consumer price index	286	266	240	211	191

Managemênt's Comments and Conclusions

Inflation accounting as required by SFAS 33 involves the use of numerous assumptions, approximations, and estimates, and should be viewed in that context and not as a precise indicator of the effects of inflation. The reader is cautioned not to attach too much significance to any one year's adjusted results. Even when several years are viewed consecutively, the information is considered to be of limited use until the reader completely understands the principles and concepts utilized in compiling the data.

The current cost of goods sold represents estimated costs at the time of sale rather than at the time of purchase. The relatively minor difference between cost of goods sold reported on an historical cost basis and that reported for current cost indicates that the Company's use of the moving average basis of accounting for the cost of its inventories results in cost of goods sold that generally approximates current cost.

As noted above, depreciation adjusted for inflation is significantly higher than the depreciation reported in the primary financial statements. However, this additional theoretical depreciation should not be interpreted as an indication of a decline in the Company's ability to maintain its productive capability. As a result of carefully planned and comprehensive refurbishing programs at its entertainment facilities, the productive capability is continuously renewed. The Company is not confronted with a problem of replacing very old and worn-out capital assets.

The cost of the Company's land, as included in net assets at year end under both the constant dollar and current cost measurement techniques, has been adjusted for changes in the CPI-U. The Company considers no other measure or index more appropriate to determine current cost of the service potential of its land.

In issuing SFAS 46, "Financial Reporting and Changing Prices: Motion Picture Films", the Financial Accounting Standards Board has recognized that current cost measures are not appropriate for motion picture films. As a result, amortization of film negative costs has been adjusted for changes in the CPI-U under both the constant dollar and current cost measures of inflation.

In accordance with SFAS 33, no adjustment has been made to the provision for income taxes included in the supplementary statement of income. The effective tax rate for 1982 rises from 44.0% on an historical cost basis to 56.5% on a constant dollar basis and 57.0% on the current cost basis. This information highlights the fact that inflation does erode real earnings growth and that effective tax burdens are often greater than the statutory rate, thus reducing funds available for increasing capacity and stimulating productivity.

QUARTERLY FINANCIAL SUMMARY
(Dollar amounts in thousands, except per share data)

Walt Disney Productions
and Subsidiaries

	December 31	March 31	June 30	September 30
OPERATIONS BY QUARTER*				
1982				
Revenues				
Entertainment and recreation	$ 140,794	$ 150,595	$ 207,333	$ 226,888
Motion pictures	44,724	67,906	46,050	43,422
Consumer products and other	26,262	29,174	22,368	24,734
Total revenues	$ 211,780	$ 247,675	$ 275,751	$ 295,044
Operating Income (Loss) Before Corporate Expenses				
Entertainment and recreation	$ 12,238	$ 19,157	$ 43,155	$ 58,095
Motion pictures	5,680	8,972	13,716	(8,729)
Consumer products and other	11,832	15,654	10,913	9,433
Total operating income before corporate expenses	$ 29,750	$ 43,783	$ 67,784	$ 58,799
Income Before Taxes on Income	$ 31,009	$ 38,648	$ 58,799	$ 50,337
Net Income	$ 17,409	$ 21,648	$ 32,899	$ 28,137
Earnings per Share	$ .53	$ .65	$. 98	$ .84
1981				
Revenues				
Entertainment and recreation	$ 135,832	$ 143,450	$ 198,079	$ 214,450
Motion pictures	40,358	62,314	36,499	57,635
Consumer products and other	27,320	29,302	23,449	36,352
Total revenues	$ 203,510	$ 235,066	$ 258,027	$ 308,437
Operating Income (Loss) Before Corporate Expenses				
Entertainment and recreation	$ 16,697	$ 18,765	$ 45,457	$ 48,555
Motion pictures	15,807	15,352	(1,639)	5,106
Consumer products and other	13,086	16,216	11,013	10,249
Total operating income before corporate expenses	$ 45,590	$ 50,333	$ 54,831	$ 63,910
Income Before Taxes on Income	$ 47,145	$ 50,231	$ 55,001	$ 64,603
Net Income	$ 25,945	$ 27,631	$ 30,201	$ 37,703
Earnings per Share	$ .80	$ .84	$ .93	$ 1.15

*Restated for comparative purposes.

MARKET PRICE AND DIVIDEND DATA

	December 31	March 31	June 30	September 30
1982				
Price per share:				
High	$ 55-1/4	$ 54	$ 59-1/4	$ 59
Low	$ 46	$ 47	$ 52-5/8	$ 49-5/8
Dividend per share	$ .30	$ .30	$ .30	$ .30
1981				
Price per share:				
High	$ 52-1/4	$ 63-3/4	$ 67-1/8	$ 63-1/2
Low	$ 41-3/4	$ 49-1/4	$ 54-1/4	$ 43-3/8
Dividend per share	$ .25	$ .25	$ .25	$ .25

The principal market for trading Walt Disney Productions common stock is the New York Stock Exchange.

SELECTED FINANCIAL DATA

(Dollar amounts and shares in thousands, except per share data)

Walt Disney Productions
and Subsidiaries

	1982	1981	1980	1979	1978
Statement of Income Data					
Revenues (Page 46)	$ 1,030,250	$ 1,005,040	$ 914,505	$ 796,773	$ 741,143
Operating income before corporate expenses	200,116	214,664	231,300	205,695	197,540
Corporate expenses	36,104	30,814	25,424	20,220	20,523
Interest income — net	(14,781)	(33,130)	(42,110)	(28,413)	(12,468)
Taxes on income	78,700	95,500	112,800	100,100	91,100
Net income	100,093	121,480	135,186	113,788	98,385
Balance Sheet Data					
Current assets	262,339	457,829	506,202	484,141	394,448
Property, plant and equipment — net of depreciation	1,673,238	1,069,369	762,546	648,447	633,885
Total assets	2,102,816	1,610,009	1,347,407	1,196,424	1,083,141
Current liabilities	237,313	181,573	145,291	119,768	113,674
Long-term obligations, including commercial paper of $200,000 (1982) and $10,000 (1981)	409,739	171,886	30,429	18,616	11,393
Total liabilities and deferred credits	828,032	442,891	272,609	235,362	221,906
Total net assets (stockholders equity)	1,274,784	1,167,118	1,074,798	961,062	861,235
Statement of Changes in Financial Position Data					
Cash provided by operations	274,782	210,805	204,682	182,857	201,905
Cash dividends	39,742	32,406	23,280	15,496	10,273
Investment in property, plant and equipment	614,416	333,407	149,674	56,629	45,367
Investment in film production	52,295	55,454	68,409	44,436	32,716
Per Share Data					
Net income (earnings)	$ 3.01	$ 3.72	$ 4.16	$ 3.51	$ 3.04
Cash dividends	1.20	1.00	.72	.48	.32
Stockholders equity	38.22	35.99	33.22	29.76	26.71
Average number of common and common equivalent shares outstanding during the year	33,225	32,629	32,513	32,426	32,397
Other Data					
Stockholders at close of year	61,000	60,000	62,000	65,000	66,000
Employees at close of year	28,000	25,000	24,000	21,000	21,000

(In thousands)

	1982	1981	1980	1979	1978
ENTERTAINMENT AND RECREATION					
Walt Disney World					
Admissions and rides	$ 153,504	$ 139,326	$ 130,144	$ 121,276	$ 114,687
Merchandise sales	121,410	121,465	116,187	101,856	86,860
Food sales	121,329	114,951	106,404	95,203	84,319
Lodging	81,427	70,110	61,731	54,043	44,972
Participant and other rentals	7,172	8,148	8,632	9,994	9,574
Other	12,603	11,436	10,279	7,251	5,226
Total revenues	$ 497,445	$ 465,436	$ 433,377	$ 389,623	$ 345,638
Theme park total attendance	12,560	13,221	13,783	13,792	14,071
Disneyland					
Admissions and rides	$ 98,273	$ 92,065	$ 87,066	$ 75,758	$ 70,909
Merchandise sales	76,684	79,146	72,140	60,235	49,312
Food sales	44,481	44,920	41,703	35,865	32,710
Participant and other rentals	4,578	5,603	5,432	5,266	4,676
Other	1,104	657	718	606	667
Total revenues	$ 225,120	$ 222,391	$ 207,059	$ 177,730	$ 158,274
Theme park total attendance	10,421	11,343	11,522	10,760	10,807
Walt Disney Travel Co.	$ 3,045	$ 3,984	$ 2,944	$ 3,726	$ 4,532
MOTION PICTURES*					
Theatrical					
Domestic	$ 55,408	$ 54,624	$ 63,350	$ 49,594	$ 69,010
Foreign	64,525	76,279	78,314	57,288	57,912
Television					
Worldwide	44,420	43,672	19,736	27,903	25,213
Home Video and Non-Theatrical					
Worldwide	37,749	22,231	10,565	9,273	8,092
Total revenues	$ 202,102	$ 196,806	$ 171,965	$ 144,058	$ 160,227
CONSUMER PRODUCTS AND OTHER*					
Educational media	$ 15,468	$ 21,148	$ 21,908	$ 19,967	$ 16,717
Character merchandising	35,912	30,555	29,631	24,787	21,359
Publications	20,821	24,658	22,284	18,985	15,045
Records and music publishing	26,884	27,358	23,432	16,129	17,218
Other	3,453	12,704	1,905	1,768	2,133
Total revenues	$ 102,538	$ 116,423	$ 99,160	$ 81,636	$ 72,472

*Restated for comparative purposes.

Philip M. Hawley, Roy E. Disney

Ignacio E. Lozano, Jr.

Caroline Leonetti Ahmanson Richard T. Morrow
Raymond L. Watson

William H. Anderson
Richard A. Nunis Gordon E. Youngman

PARENT COMPANY

Walt Disney Productions

Produces motion pictures for theatrical and television distribution — operates Disneyland Park — conducts ancillary activities. Operates through functional divisions:

Walt Disney Motion Picture and Television Production Division — Ronald W. Miller, President

Walt Disney Outdoor Recreation Division — Richard A. Nunis, President

Walt Disney Marketing Division — E. Cardon Walker, President

BOARD OF DIRECTORS

Caroline Leonetti Ahmanson*†
Business woman, civic leader and philanthropist

William H. Anderson
Independent Producer

Roy E. Disney*
Chairman of the Board, Shamrock Holdings, Inc. (radio and television broadcasting)

Philip M. Hawley†
President and Chief Executive Officer, Carter Hawley Hale Stores, Inc. (retail merchandising)

Ignacio E. Lozano, Jr.*
Publisher, LA OPINION (newspaper publishing)

Ronald W. Miller‡
President and Chief Operating Officer

Richard T. Morrow
Vice President — General Counsel

Richard A. Nunis‡
Executive Vice President — Walt Disney World/Disneyland

Donn B. Tatum‡
Chairman of the Executive Committee

E. Cardon Walker‡
Chairman of the Board and Chief Executive Officer

Raymond L. Watson*†
President, Watson, Eberling and Lund (land development)

DIRECTOR EMERITUS

Gordon E. Youngman

*Member of Audit Review Committee
†Member of Compensation Committee
‡Member of Executive Committee

CORPORATE OFFICERS

E. Cardon Walker
Chairman of the Board and Chief Executive Officer

Donn B. Tatum
Chairman of the Executive Committee

Ronald W. Miller
President and Chief Operating Officer

Michael L. Bagnall
Executive Vice President — Finance

Carl G. Bongirno
Executive Vice President — Administration

Ronald J. Cayo
Executive Vice President — Business Affairs and Legal

James P. Jimirro
Executive Vice President — Telecommunications

Jack B. Lindquist
Executive Vice President — Marketing

Richard A. Nunis
Executive Vice President — Walt Disney World/Disneyland

Martin A. Sklar
Executive Vice President — WED Creative Development

Vincent H. Jefferds
Senior Vice President — Walt Disney Marketing Division

Barton K. Boyd
Vice President — Consumer Products and Merchandising

Jose M. Deetjen
Vice President — Tax Administration and Counsel

Dennis M. Despie
Vice President — Entertainment

Robert W. Gibeaut
Vice President — Studio Operations

Luther R. Marr
Vice President — Corporate and Stockholder Affairs

Richard T. Morrow
Vice President — General Counsel

Howard M. Roland
Vice President — Construction Contract Administration and Purchasing

Doris A. Smith
Vice President and Secretary

Franklin Waldheim
Vice President and Eastern Counsel

Thomas L. Wilhite
Vice President — Motion Picture and Television Production

Donald A. Escen
Treasurer

Bruce F. Johnson
Controller

Leland L. Kirk
Assistant Secretary-Treasurer

Neal E. McClure
Assistant Secretary

Alvin L. Shelbourn
Assistant Treasurer

Donald E. Tucker
Assistant Treasurer

Douglas E. Houck
Assistant Controller

Joe E. Stevens
Assistant Controller

PRINCIPAL DOMESTIC DIVISIONS

Disneyland
Operates Disneyland Park.
Richard A. Nunis, President
James P. Armstrong, Vice President — Food Administration
Edward B. Crowell, Vice President — Facilities
Dennis M. Despie, Vice President — Entertainment
Ronald K. Dominguez, Vice President — Operations
Jack B. Lindquist, Vice President — Marketing
James P. Passilla, Vice President — Employee Relations
Doris A. Smith, Secretary
Robert J. Risteen, Treasurer
Nancy E. Mize, Controller

WED Enterprises
Master plans, designs and engineers for outdoor entertainment projects.
Carl G. Bongirno, President
John C. Hench, Senior Vice President
Norman L. Doerges, Vice President — WED Florida
Orlando C. Ferrante, Vice President — Manufacturing and Production
Arthur R. Grindlinger, Vice President — Materials
Martin A. Sklar, Vice President — Creative Development
Frank P. Stanek, Vice President — Tokyo Disneyland Administration
John F. Zovich, Vice President — Engineering
Michael L. Bagnall, Secretary
Stephen W. Bills, Treasurer

PRINCIPAL DOMESTIC SUBSIDIARIES

Buena Vista Distribution Co., Inc.
Distributes, syndicates and sells domestically 35mm theatrical film, television programs and records.
Charles E. Good, President

Buena Vista International, Inc.
Supervises the distribution of 35mm theatrical film, 16mm film and television programs in foreign countries.
Harold P. Archinal, President

Lake Buena Vista Communities, Inc.
Owns the community of Lake Buena Vista, operates the Walt Disney World Village and leases townhouses, residences and hotel sites.
Ronald W. Miller, Chairman of the Board
Richard A. Nunis, President
Edward L. Moriarty, Vice President — Operations

Walt Disney Telecommunications and Non-Theatrical Company
Distributes and licenses 16mm film, audio-visual educational materials, 8mm home movies, home video and pay television.
E. Cardon Walker, Chairman of the Board
James P. Jimirro, President

Walt Disney Music Company (ASCAP affiliate)
Wonderland Music Company, Inc. (BMI affiliate)
Music publishing.
Ronald W. Miller, Chairman of the Board
Barton K. Boyd, Vice Chairman of the Board
Gary Krisel, President

Walt Disney Travel Co., Inc.
Markets wholesale and retail tour packages.
Jack B. Lindquist, President

Walt Disney World Co.
Operates Walt Disney World.
E. Cardon Walker, Chairman of the Board
Richard A. Nunis, President
Robert C. Allen, Vice President
James P. Armstrong, Vice President — Resorts and Food Administration
Edward B. Crowell, Vice President — Facilities
Thomas R. Elrod, Vice President — Marketing
Ronald F. Logan, Vice President — Entertainment
Charles C. Luthin, Vice President — Finance and Treasurer
Robert K. Matheison, Vice President — Operations
James P. Passilla, Vice President — Employee Relations
Howard M. Roland, Vice President — Construction Contract Administration and Purchasing
Philip N. Smith, Vice President — Legal and Secretary
Judson C. Green, Controller
Jose M. Deetjen, Assistant Treasurer

FOREIGN SUBSIDIARIES WITH PRINCIPAL MARKETING EXECUTIVES
Distribute, sell and license Walt Disney products in foreign territories.

Australia
Walt Disney Productions Pty. Limited
Walter A. Granger
Music publishing.

Belgium
Walt Disney Productions (Benelux) S.A.
Andre Vanneste
Character merchandising, publications, 8mm home movies, audio-visual and educational materials.

Canada
Walt Disney Music of Canada Limited
James K. Rayburn
Records and music publishing.

Denmark
Walt Disney Productions A/S Danmark
Gunnar Mansson
Character merchandising and publications.

France
Walt Disney Productions (France) S.A.
Armand Bigle, Richard Dassonville
35mm theatrical film, 16mm film, audio-visual educational materials, 8mm home movies, home video, character merchandising, publications, records and music publishing.

Germany
Walt Disney Productions (Germany) GmbH
Horst Koblischek
Character merchandising, publications, 8mm home movies and home video.

Italy
Creazioni Walt Disney S.p.A.I.
Antonio Bertini
Character merchandising, publications, 16mm film, audio-visual educational materials, 8mm home movies, home video and records.

Japan
Walt Disney Enterprises of Japan Ltd.
Matsuo Yokoyama
Character merchandising, publications, 8mm home movies and music publishing.
Walt Disney Productions Japan, Ltd.
Yosaku Seki, Mamoru Morita
35mm theatrical film supervision, travel and tour sales.

Portugal
Walt Disney Portuguesa Criacoes Artisticas Lda.
Laszlo Hubay Cebrian
Character merchandising and publications.

Spain
Walt Disney Iberica, S.A.
Enrique Stuyck
Character merchandising and publications.

Sweden
Walt Disney Productions A/B
Abbe Drisin
35mm theatrical film and publications.

United Kingdom
Walt Disney Productions Limited
Gustave A. Zelnick, Monty Mendelson, Terry Byrne, Keith Bales
35mm theatrical film, 16mm film, audio-visual educational materials, 8mm home movies, home video, character merchandising, publications, records and music publishing.

Walt Disney
Productions

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Burbank, CA 91521